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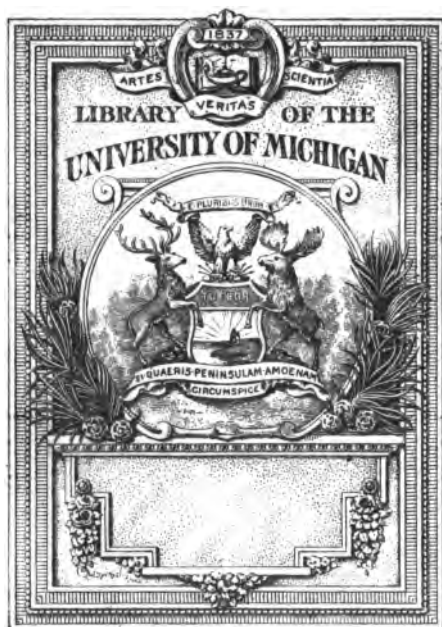
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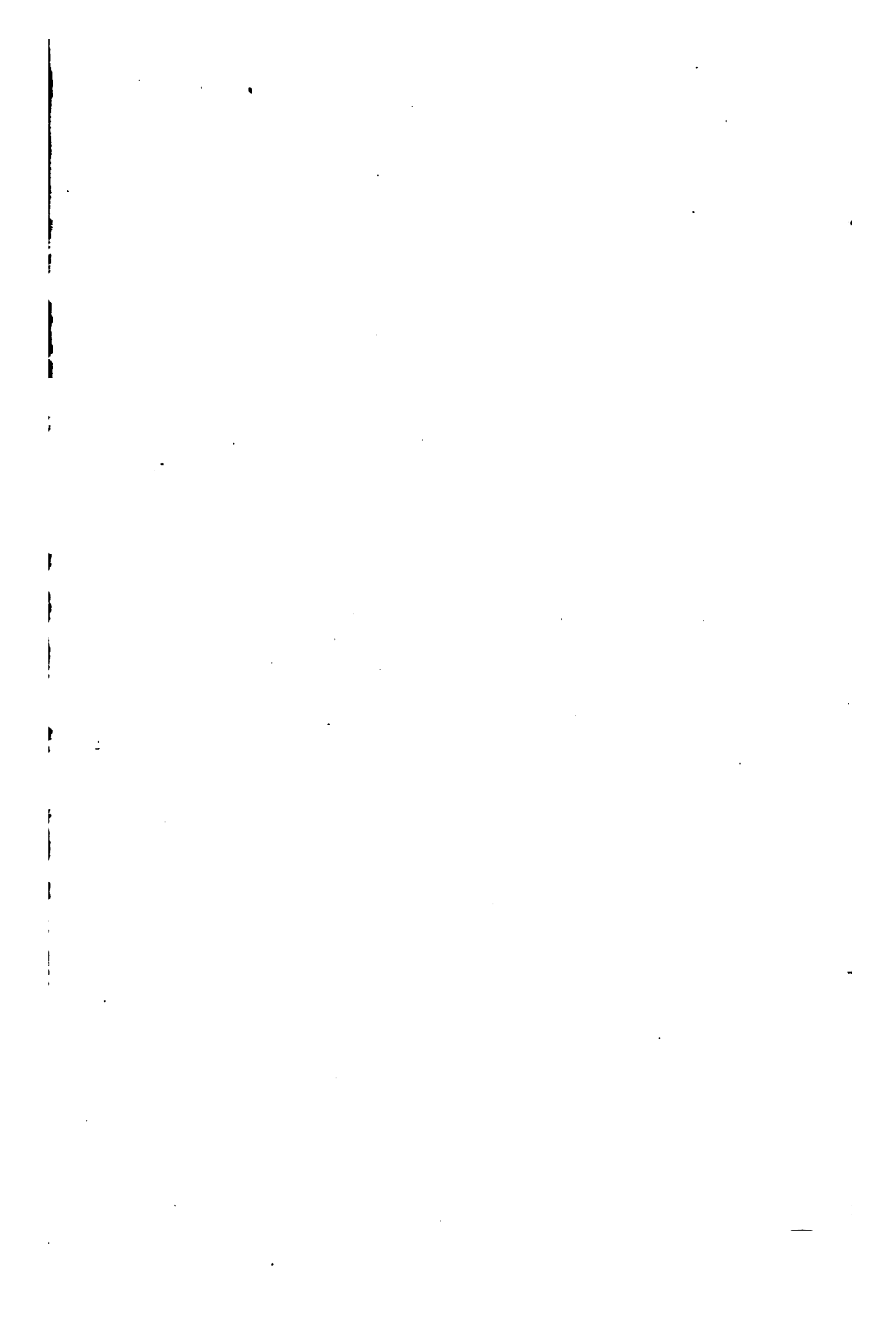
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Yours for Harmony
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THE LABORER

AND

THE CAPITALIST

By
FREEMAN OTIS WILLEY

Price, \$1.25 per Vol.

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The Laborer and the Capitalist.

CHAPTER I.

DEVELOPMENT OF THE SUBJECT.

Not a few of the works written upon economic subjects in recent years are one-sided. Most of them were not intended to be so; but the authors have generally had very strong convictions before they began to write, and naturally enough they have looked for facts and figures to demonstrate that those convictions had a solid basis; that is, taking the premises for granted, and having perfect confidence in the justice of the cause they were promoting, they have conscientiously ignored much that ought to have been taken into account, and innocently placed before the public many statements which a more searching analysis would have shown to be entirely without foundation, or to need a great deal of modification. This is as true of one side of the controversy as of the other, as applicable to my own earlier writings as to those of other authors. This is an attempt to state the position of the laborer and that of the capitalist with equal clearness, and to present the arguments for and against both without catering to either.

Many of the leading facts that follow were found while search was being made for data to demonstrate conclusions the very opposite to those that were finally forced upon me by careful investigation.

I have violated modern practice in the frequent use of the pronouns "I" and "We"; in short, I have made no

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attempt in this work to conform to the rules of polished literature. I have sought to make my meaning plain and to use such language as all can understand. And now the one favor asked is that no reader will condemn until he has read all the chapters.

An extract from an editorial which appeared in one of our metropolitan journals shall introduce the subject which constitutes the title to this volume (see *New York Tribune*, January 1, 1893), as follows:

"The year closes with fresh indications of the increasing social unrest of the world. A dynamite explosion in the French capital is the responsive echo to despairing unreason in Dublin. Russia, Italy, and the continental nations are seething with social discontent. . . .

"Great Britain has emerged from a troublous year of commercial depression and political excitement with an incongruous coalition of parties and factions held together by the genius of one man; and the distinguishing characteristic of the situation is unrest. . . .

"If dynamite explosions, anarchistic plotting, and socialistic propagandism were the only symptoms of this unrest, even the most easy-going optimist would be unable to find compensations for what would be a malignant social disorder; but in the recent history of Europe and America such outbreaks of lawlessness play an insignificant part. It is in the thorough and systematic organization of all forms of labor; in combinations for securing legislation and recognition for class grievances and interests, and in the increased determination of the working forces of the world to have their questions taken up and settled, that the feverish pulse of the times is now most strongly felt."

Referring to the great political change which took place in the United States in November, 1892, the *Tribune* said:

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"If the revolt against Republicanism and protection had occurred in hard times, when trade was stagnant and employment scarce, the results of the general election would have caused little surprise; but what has happened is the complete reversal of the economic and business policies of the Nation in a most prosperous year, when trade was never better, industrial enterprise never greater, and labor never so fully employed or so well rewarded. . . .

Possibly the true explanation of the political revolution lies in a conviction or hallucination in the minds of great masses of voters that American prosperity, while unexampled in modern history, is more unequally distributed than it ought to be. But however the proposition may be formulated, nothing less than social discontent and restlessness offers an adequate reason for a radical political reaction in the most prosperous of recent American years."

The article closed as follows:

"Whether all this social discontent, which is throbbing in America as intensely as it is beating in Europe, will make the world better or worse, is the secret of another century."

Before we comment upon this remarkable statement of the *Tribune*, let us glance a moment into the past.

A hundred and twenty years ago the American ship of state was launched upon the surging sea of national destiny. Three thousand miles from the war-swept and turbulent Old World, she started on her course under conditions that promised rewards more tempting, and winds more helpful than had yet breathed upon a human government.

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Eighty-five years of marvelous progress had apparently justified the highest hopes and fulfilled the wildest prophecies of her friends, when the war of the great rebellion burst upon her. The gale was fearful, and the surge tremendous. The producing cause was chattel slavery ; slavery was stricken down, the storm ended, the stars and stripes waved over a union saved, and the well-tried ship sped on her God-appointed way, stronger, prouder, freer than before.

Those who had feared for the safety of the great republic were no longer anxious, and the friends of liberty everywhere rejoiced in the glorious prospects of the American nation, now free from the thralldom of human slavery.

I shall not soon forget the glad look of a patriotic old gentleman in New Hampshire in 1866, when he spoke substantially as follows : " Our one dangerous enemy since Great Britain withdrew her troops from American soil has been negro slavery. That enemy is conquered, and conquered forever. Now all we have to do is to behave ourselves and enjoy peace and prosperity for all time to come."

The old man undoubtedly voiced public opinion at that time, which seemed to be well grounded. For although the war had cost us fearfully, and sorrow still lingered at the Nation's hearthstone, yet commercial enterprise was wonderfully active and financial prosperity dwelt among us as never before.

Labor troubles, such as now afflict the country, had not been dreamed of, and so far as human vision could then reach there stretched before us a broad highway of peace and prosperity.

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But the rosy hopes of those days soon faded. Eight years brought us to the ever memorable 1873. Disorder and riot came into our midst, and we felt the advance waves of the eddying current upon which the Old World had been tossed and whirled for centuries. Twenty years later (1893) the New York *Tribune* tells us (truthfully too) that discontent is throbbing as intensely in America as it is beating in Europe. And the present year (1896) Chauncey M. Depew voiced the sentiment of thoughtful minds when he declared our civilization a paradox, and stated that although the fathers had founded a government every way calculated to bring prosperity and contentment, yet the present unrest exceeded anything the world had before known.

Now let us take a seat before this extraordinary proposition, this marvelous phenomenon, and sit there until we feel sure we comprehend its meaning.

It is surprising what a circumscribed view some of our leading citizens have of the present political and industrial situation. There are distinguished politicians (some of them are called statesmen) who are of the opinion that currency and tariff legislation have bred all the discontent we need to feel concerned about, and that when these issues are settled according to sound political ethics (which, of course, means according to *their* ethics) industrial contentment will reign, and the dispute between capital and labor will be practically ended. The *Tribune* is of the opinion, however, that "the conviction or hallucination in the minds of voters, that American prosperity is not fairly distributed," is the

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primal cause of the universal discontent it describes. This is the larger, and indeed the only view of the case at all consistent with the facts that bear upon it.

Business is often disturbed by legislation threatened as well as by legislation accomplished. It is also true that when business is disturbed the masses are more restless, and party supremacy more shifting. Nor can it be doubted that the tariff and currency questions are becoming powerful elements in the problems we have to solve in our own country. Nevertheless, the world-wide belief that the results of a common industrial effort are not being fairly divided is the one all-sufficient reason why, to use the language of the *Tribune*, "the feverish pulse of the times is now so strongly felt."

April 9, 1892, the *Labor Leader*, a worthy labor journal published in Boston, contained a speech by one Michael Lynch, from which the following is copied :

"In a land whose bowels teem with all the varieties of natural wealth men are naked, homeless and starving ; you who bear the burden of an extravagant, a wanton, and a barbaric luxury, and yet have not wherewith to appease your hunger, starved, imprisoned, tortured into subjection, "Pinkertoned" to death ; you who from your miserable hovels can see the palaces of your masters rising around you ; who can behold their luxurious equipages, and yet must trudge on foot yourselves ; you can read of their ocean greyhounds, their trips to Europe, their Newports, their Saratogas, and deprived yourselves of air and light, with no vacations, few amusements, and less rational enjoyment, will you not see all this, when you know that all this lofty fabric of luxury and ease springs from your labor ?"

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May 14, 1892, the same journal had an article entitled : "Millionaires as Bellamy Sees Them." The following was given as Mr. Bellamy's language :

"If a small boy should be found with a roll of \$1,000 in his possession, the presumption would be that he could not possibly have earned so large a sum—he must have stolen it; and he would be immediately and unceremoniously taken by the collar and made to give an account of how he came by the money. We respectfully submit that when a grown man is found with \$1,000,000 in his possession it is equally safe to assume that he did not come by so large a slice of the national wealth by any proper means, and that society should therefore take him by the scruff of the neck and make him give an account of how he secured what he has. We undertake to say that no man can justify his possession of \$1,000,000 on sound ethical grounds. It is as much out of the power of a grown man fairly to earn that sum as it is beyond a boy's power to earn a thousandth part of it."

The extract below is copied from an editorial which appeared in the same journal October 31, 1891 :

"As to "luck," no one has ever fully and satisfactorily defined that term, but taking it to mean what is usually accepted as its significance, I unhesitatingly declare that of all the enormously wealthy men in this country, only some who have become so through "luck" can successfully defend themselves against the charge of robbery."

At a labor conference held in New York (see *New York World*, December 20, 1892), a committee reported the following :

"Multi-millionaires are gradually becoming billionaires, while the masses of the people of the United States are being trans-

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formed into a dependent class, with conditions similar to those under which the European pauper and wage slave toils, suffers, and dies."

Mr. Lynch believes that the luxuries which the few enjoy represent the earnings of the many, for which a fair equivalent has not been rendered.

Mr. Bellamy believes it impossible for one man to acquire a million dollars honestly, and that our millionaires should be made to divulge the means by which they acquired their wealth.

The editor of the *Labor Leader* thinks that except in rare cases of lucky venture our very wealthy people may be justly charged with having committed robbery.

Those who assembled at the Labor Conference seem to have been imbued with the idea that through the accumulation of large fortunes in the hands of a few, the poorer classes of the United States are being reduced to a condition of servitude very like that which is understood to exist in some parts of the Old World.

Collectively considered, the utterances of these laborers and labor leaders amount to a resolute and positive protest against what they regard as the robbery and oppression of labor by capital; and an earnest appeal to the masses to dethrone the power which, according to their belief, is weighing them down.

Labor is blamed, more or less, for muttering and threatening and striking.

Nevertheless, let any of us, let a moral or Christian capitalist, for example, one who is happy in the belief that he

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desires to do that which is nearest right for all concerned, ask himself the question: "If I were in the ranks of labor, and really believed that capital was constantly gathering my earnings to itself, thereby rendering me more and more dependent upon the good graces of the rich for a livelihood for myself and family, would I not mutter? would I not threaten? would I not strike? Indeed, would I not do whatever seemed necessary to my own independence, and to the independence of those who have natural claims upon me, for at least an opportunity to keep for their own use that which their hand and brain honestly earn?"

It is plain that from the workingman's standpoint he has the highest possible motive for the energy he is putting forth to gain a larger share of the joint efforts of capital and labor. Through this he sees, or thinks he sees, not only a benefit for himself, but a larger industrial freedom and a smoother path for his posterity than his own weary feet have ever trod.

It is not to be wondered at, therefore, that labor is perfecting organization, national and international, and making attempts more and more powerful to control legislation.

This does not necessarily foreshadow the bloody revolution and reign of terror that some are looking for; but it makes it very plain that the world is confronted with a new economic problem that must not be ignored.

The truth of this proposition will be more forcibly felt if we stop to consider the moral aid and the number of strong recruits coming to the support of labor from those who are not laborers.

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It has been many times stated that were it not for a few shriekers among those who do not own their homes, who have not sufficient property or income to render them decently independent, who are obliged to sell their services in the market for any price offered, labor would be contented and peaceful. We have writers and speakers who have gone so far as to say that the quarrel with the present régime, the industrial discontent, and the socialistic propagandism now going on have resulted mainly from the efforts of anarchists from the Old World, who have been joined here by disappointed politicians and such badly balanced individuals as have been unsuccessful in other directions, and that the adherents of their doctrines are composed largely of the lazy, the dishonest, and the shiftless poor.

It is important that we have the truth in regard to this matter early in the discussion. Let us have all the factors in the case.

If labor is being stirred by a general impulse, who besides laborers are creating that impulse? If laborers are convinced that capital is robbing them, do they stand alone in that belief? If socialistic ideas are being propagated, are there respectable propagators outside of the labor ranks?

Never had I so realized the magnitude of the capital and labor question, and felt the nearness of a great crisis, as when the full truth dawned upon me regarding a force not identified with labor, but which can and does (in consequence of its high character and exceptional intelligence) influence the outside world against the present régime a thousand times more than those in the ranks of labor could

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possibly do. It is due to the laborer that this fact be made to stand out clear as against the accusation that only the dependent and the dishonest, etc., share his opinions.

On the 18th of October, 1891, the Rev. Dr. R. Heber Newton preached a sermon, concerning which the *New York World* of the next day reported as follows :

"He said he agreed with a potentate who was frank enough to admit that we had gone wrong in not holding mineral resources in fee for the spread of education. Lines of travel should be controlled by the government. Then he concluded :

"In a cross and grumbling mood Carlyle once said that the ideal before the American people was to place a turkey in the pocket of every poor man. Not a wholly ignoble idea, considering what was there before. If, instead of a bone, a breast of a chicken can be carried, so much the better. The vast mass of men are born into the most pitiful circumstances. You and I know the trouble of living under adverse conditions. What is to be done, then, when from the cradle to the grave it is only a struggle for a crust of bread ?"

This distinguished and justly popular divine thinks that government ought to control mineral resources—gold, silver, copper, iron, tin, lead, coal, etc., and the lines of travel as well. He evidently believes that placing the vast wealth of mines and lines of travel under the control of government, instead of allowing it to remain in the hands of individuals, would improve the condition of the masses.

Whether Dr. Newton's theory be sound or otherwise, the principle his words suggest is that of socialism ; indeed, government ownership of mines, lines of travel and com-

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munication, is advocated by socialists as the first necessary step toward government control of all industries now yielding a profit to private capital.

A few weeks prior to the Presidential election of 1892 there appeared in the *New Nation* (Bellamy's paper) an account of a Presbyterian Conference held in Boston. It stated that one of their prominent preachers declared that socialism was a Christ principle, therefore it had come to stay. If the remark provoked any opposition in the meeting, it was not reported.

In a synopsis of the proceedings of the New York Methodist Conference, the *World*, April 4, 1892, said:

"Rev. Dr. North presented the report of the Committee on the question of the relation of the Church to Socialism. The report was in part as follows:

"A new political economy is now growing up among us, which must be recognized. The conviction is certainly growing that many of the existing evils of society should be cured. No more important question can occupy the attention of the Church than the problem called Socialism.

"The Methodist Episcopal Church, having given so much attention to slavery, intemperance, and ignorance, should also devote some time to another great evil—the alleged alienation of the poor from the church. We believe that this prodigious inequality in the ownership of property is a frightful evil."

Observe the language used by these gentlemen of education and culture: "A new political economy is growing up among us which must be recognized. . . . No more important question can occupy the attention of the

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church than the problem called Socialism. . . . We believe that the prodigious inequality in the ownership of property is a frightful evil."

Whether these people are right or wrong in their conclusions regarding Socialism and the ownership of property, they are, nevertheless, powerful molders of public opinion, and they belong to an intelligent and highly respected class of citizens whose name is legion.

M. Paul Deschanel, of the French Chamber of Deputies, was sent by his government to this country in 1891 to study the Socialistic and labor problem. Prof. J. R. Buchanan quotes him in the *Arena* as follows:

"I do not doubt at all that the civilized world is rapidly approaching, if it has not already reached, a period which will give birth to such a crisis as was the French Revolution, or perhaps to even a greater crisis. It is because *we* recognize the gravity of the situation that such men as myself are making our strongest efforts to understand the rights and the wrongs of the laboring classes, with the view of giving them at least a measure of what is their due and so averting the terrible disaster which would result should they arise in their might and renew the scenes of terror and bloodshed by which their ancestors wrested their rights from the aristocracy which had trodden upon them, as the Socialistic orators of to-day declare that the classes they represent are being trodden upon."

Not long since a chaplain of the American Congress prayed as follows:

"Give ear, O God of Jacob, and awaken us to see the danger which threatens the civilized world, a revolution more tremendous

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than any of which history tells, in which the scenes of the Reign of Terror may be enacted in every capital in Europe and America. For, long, the few have mastered the many because they understood the open secret, the tools to them that can use them; but now they have learned the secret of organization, drill, and dynamite. Rouse the rich of the world to understand that the time has come for grinding, selfish monopoly to cease, that corporations may get souls in them with justice, honor, conscience, and human kindness. Teach the rich of this country that great fortunes are lent them by Thee for other purposes than to build and decorate palaces, to found private collections of art, to stock wine-cellars, to keep racing studs and yachts, and find better company than hostlers, grooms and jockeys, pool-sellers and bookmakers. Teach them, O God, that it is Thee who has given them power to get these fortunes; that it is to prove them, to know what is in their hearts, whether they will keep thy commandments or no, and that these commandments are "Thou shalt love the Lord thy God with all thy heart, and thy neighbor as thyself"; that if the rich men of our land keep these commandments, the poor will follow the example, and we at least will be saved from the days of tribulation that are fast coming on all the world. Help us, O God, and save us."

One Congressman asked unanimous consent that this prayer be printed in the *Record*; another objected on the ground that it was an incendiary speech.

Call the prayer what you please, the sentiments expressed by the chaplain have been matched and overmatched again and again in our national legislature within the last few years by men of all parties. Instance the speech of Congressman Colquitt (*Congressional Record*, Dec. 1, 1890, to Jan. 8, 1892, page 452) as follows:

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"In the iron trend of centralized power and the corruption of gigantic wealth, shall we drift back into the reality of a monarchical régime, with but the semblance of freedom? . . .

"I turn to the social chasm, ever widening by the false distribution of wealth. The disparity is enormous. Consider the cost of a dollar to the poor. . . . Consider the ease and luxury of the rich. . . .

"I see the driven masses of the world's workers, the delver in the coal mine, on his side crawling to his dark task, lamp in his hand, lying down, no room to stand; the plodding farmer, with his hoe at noonday in the burning sun; the grim smith, wielding wearily his ponderous hammer; the brawny engineer, in his midnight vigils, with his strong hand upon the throttle of his pulsing monster; and the other multitudinous toilers.

"Trace the earning of the dollar that pays these pressed laborers. See the sewing-woman's mite and the beast of prey that absorbs it. . . .

"To the laborer belongs the fruit of his toil; but does he get it? Is there no predatory class standing by, ready to seize upon it? See the poor, overworked wight, so abject and pitiful. Has any one the heart to plunder him? The ever-widening social chasm answers the question too well.

"Consider the temper of the producing classes. They will not always bear submissively. . . . History is full of their desperate uprisings for relief."

Mr. Colquitt believes that the false distribution of wealth is rapidly widening the gulf between capital and labor; and that capital is practicing so intolerable a tyranny over the working-people that a continuance of the same will sooner or later result in a general and possibly a violent uprising.

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According to the *New York World*, June 27, 1892, Judge Walter Q. Gresham was asked by a reporter what abuses he thought threatened to disturb public tranquillity, and he answered as follows :

"I would say that the control of elections and legislation by the corrupt use of money more than anything else menaces popular government and the public peace. If these abuses are not speedily checked the consequences are likely to be disastrous. If the people are convinced that they cannot rely on the ballot as a means of expressing their choice of men and measures, there will be a revolt the like of which the country has not yet witnessed. . . . The most insidious of all forms of tyranny is that of plutocracy."

It is possible to imagine that a Republican may suggest that Colquitt was a Southerner, and might have been moved by jealousy of Northern wealth and political power, and that Judge Gresham was a member of a Democratic cabinet.

If we assume that Mr. Colquitt and Judge Gresham spoke from unworthy motives, or that they were blinded by Democratic or Southern sympathies, then what shall we say of the Methodist Conference, which was composed largely of Republicans, with Northern sympathies?

In the August number of the *Arena*, 1890, Prof. J. R. Buchanan quoted Bishop Potter as saying that our plutocrats were dangerous alike to liberty and religion. The same author quoted Bishop Spaulding as using the following language :

"Our rich men—and they are numerous, and their wealth is great—their number and their wealth will increase; but our rich men

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must do their duty or perish. I tell you, in America we will not tolerate vast wealth in the hands of men who do nothing for the people."

In conversation with a distinguished lawyer and military officer who had command of troops at Homestead after the riot which took place in the summer of 1892, he said that he had been very much astonished at the extent and warmth of the sympathy for the strikers, and the sources from which it came. A judge of one of the courts had said to him in private conversation that property was altogether too unequally divided, and that a leveling-up must take place sooner or later, but that just how it would be brought about he could not tell.

Dr. Lyman Abbott says that the great problem of political economy in the past has been how to *get* wealth, but that the great problem of political economy in the future will be how to *distribute* wealth.

This is a mild way of saying that the product of the joint efforts of capital and labor is not being fairly divided.

In a lecture delivered in Chickering Hall, New York, that distinguished orator and logician Prof. Felix Adler expressed the hope that the time was near when labor would receive a larger and juster share of the product of industry.

About two years ago ex-Senator Ingalls, one of the most brilliant of American orators, delivered a lecture at Glen Echo, District of Columbia, to a vast audience composed largely of religious and well-to-do people. He expressed a doubt as to whether a hundred thousand dollars were ever honestly earned by one man. The cheering of this senti-

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ment was hearty and almost unanimous. It is not too much to say that the same sentiment would be as heartily approved by any popular audience in Christendom.

This feeling among the masses Edward Bellamy would call Socialism, the growth of which he thinks is clearly indicated by the immense sale of his book. He believes that had "Looking Backward" been published twenty years ago it would have fallen dead from the press. It is probable that at that time the work would not have paid the cost of printing. But the increasing unrest and growing desire to study economic subjects have given Bellamy's book a wide sale; but what is more significant is the fact that, although the work is in the hands of all classes of people, adverse criticisms have been very few, and not one-tenth part as widely read as the book itself. The first to call the writer's attention to that now famous work was a wealthy citizen of Massachusetts, a manufacturer, and a banker as well. He thought it contained more sound philosophy than the world had yet dreamed of, and gave it as his opinion that as an author Edward Bellamy had come to stay.

However, call it Socialism, or give it some other name, the fact remains that an overwhelming majority of the world's inhabitants, good and bad, learned and unlearned, are of the opinion that the product of industry is not being divided with any approach to fairness; that the colossal fortunes we see all around us have not been honestly earned by the heads and hands that now control them; that the laws are dictated by plutocrats in the interest of plutocrats; that the richer the few become, the harder it is for the

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many to make themselves comfortable, and that the duty of the hour is to so change social and economic methods that each and every one shall have the full results of his own efforts. This is an honest ambition for labor and its friends under the belief they now hold. It is contrary to man's nature to rest quietly while he is being robbed, or while he thinks he is being robbed; and the still more important fact is that it matters not whether the aforesaid belief be founded in truth or whether it be an hallucination—it means unrest, dynamite, and nobody knows what else, until either a fair division of the product of industry shall have been assured or the hallucination regarding it shall have been destroyed.

CHAPTER II.

HOW SHALL WE MEET THE ISSUE?

On the 28th of January, 1891, one of the leading New York dailies (the *Press*) had the following:

"We notice that some of our contemporaries pretend to poke fun at the Farmers' Alliance. The movement is one that, however faulty some of its aims and questionable the methods of certain promoters, deserves respectful attention, and that the *Press* proposes to give it. Whatever the essential wrong may be that has aroused a vast body of toilers to an emphatic political protest, it is the duty of the Republican party to ascertain that wrong and provide a remedy."

What this journal assumes to be the duty of the Repub-

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lican party is unquestionably the duty of all parties in all lands. The unrest is universal, which proves that the cause is also universal; and there can be no rational doubt that that cause is the unequal distribution of wealth.

This being true, it matters not how much the masses are misinformed regarding the issue they urge—our first duty is to prepare to meet it wisely. And if we do meet it wisely and in a way to win a peaceful solution, it will be because we are conscious of the nature, magnitude, and disposition of the forces with which we have to grapple and show a disposition to deal fairly with all concerned.

The distribution of the product of industry constitutes a problem reaching deeper and extending farther than any that has ever before confronted the race. Religious questions and controversies have rarely extended beyond the limits of one or two countries—oftener they have been confined to parts of countries; but the question of the distribution of the results of toil knows no religion, no country, nor stops at the boundary line of any State. Then, too, it is rugged and obstinate from long years of steady development. It is as old as the wage system. It was born when it became evident that some were accumulating vastly more than others, with apparently no more effort and no more economy. Many attempts have been made to strangle it and stop its progress. But on, straight on, it travels, with heavier tread and more hurrying pace, leaping mountains, deserts, seas, pushing other issues aside, as the mighty glacier pushes the smaller cakes of floating ice that chance to lie in its pathway.

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It is gratifying to see the people becoming so much interested in political economy. It promises more happiness and safety for all, through a clearer understanding of the rights and duties of all.

Yet political conditions are bewildering. Capitalists have their political schemes which they wish to promote; they also have the bulk of the money, which, even when legitimately used, contributes powerfully toward the success of parties. The laboring people also have their political schemes, together with a majority of the votes to be cast, and danger lurks in the fact that after all both the laborer and the capitalist may rely more upon their power at the polls to achieve immediate success than upon the better education of all in the science of economics. A gentleman of some distinction recently complained that our legislators were making statutes according to an unreasoning popular demand. Several States, he said, had already passed anti-trust laws, etc., that were clearly unconstitutional, and likely to do harm; but he thought going into the courts and there demonstrating the unconstitutionality of such laws would remedy the evil. He believed the people were wrongly informed regarding the effect of trusts and corporations, but did not think it worth while to go back of legislatures and courts to educate public opinion. "We will," said he, "plant our batteries upon the hill-tops and defend our position from the higher level, and not skirmish in the woods and byways below."

This view of the case fails to grasp the situation; it sees not the issue; it does not recognize the power and temper

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of the people at this most extraordinary juncture in human affairs.

Public opinion is often wrong for a time; nevertheless, it always *thinks* it is right; and in these days of general suspicion, no sooner is a legal decision obtained contrary to that opinion (especially by a corporation) than foul play is suspected. If the court has not actually been bribed, corrupting influences are believed to have been brought to bear somewhere in the case. At any rate, concentrated wealth is supposed to have succeeded in thwarting the ends of justice, and the masses are less friendly toward associated capital than before the decision was rendered.

Our people are law-abiding, and respect the decisions of courts up to a certain point, but nothing has been more clearly demonstrated in American experience than that a law, to be practically operative, must be backed by public sentiment.

The fugitive-slave law was believed to be constitutional, even by Daniel Webster and Henry Clay, and the famous Dred Scott decision by our Supreme Court certainly did not contradict the letter of the Constitution, but both the law and the decision contradicted public sentiment, and every attempt to enforce or defend them only exasperated the people, and rendered the destruction of slavery more swift and certain.

The popular belief is that an emergency is here, and the people are defending what they believe to be their rights with an energy, a fortitude, and an independence worthy of free citizens. They are very little concerned about what

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the courts have said, are saying, or are likely to say, regarding, *not the wisdom*, but the constitutionality of, here and there, a legislative enactment. They are looking deeper and their vision sweeps a broader field. They are considering the rights of man abstractly, and trying to measure the extent of his natural relation to the State, which they believe is greatly interfered with by existing statutes and political methods. And while it is safe to say that no considerable portion of our people have a thought of violating any statute or disregarding legal decisions, yet they realize as never before that they are the tribunal of last resort, the sovereign power in the land, the final arbitrators of all questions relating to the public welfare. While courts are trying individual causes the people are trying the courts. In short, all established methods of procedure—legislative, judicial, economic, or what not—are being brought to the common throne of reason and the bar of public conscience. Monopoly, plutocracy, tariff, socialism, etc., etc., must here plead, and here stand or fall. Say what you will and do what you will, the general rule of conduct to be followed and the laws that must finally be obeyed will be such as the great public see fit to dictate.

Whether these rules and laws are to be just or unjust, whether they hinder or facilitate progress, whether they promote peace or stir up strife, will depend entirely upon how wisely public sentiment is educated.

In short, it is self-evident that the one possible permanent remedy for the unsatisfactory conditions that now

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environ the laboring and capitalistic world—the one safe way to meet the issue before us—is through a better educated public mind regarding the natural relation of capital and labor, and the economic principles that must sooner or later bind them both.

Labor began to mutter and organize in good earnest in the United States in 1869, when every person had employment that wanted it, and the purchasing power of wages was vastly greater than the world had before known, and nearly double what it was prior to 1860. Thus the question is not one of prosperity, but of the *distribution* of prosperity.

Not long since, near Central Park, New York, one of the wealthiest and most distinguished capitalistic lawyers in the country addressed the writer substantially as follows :

“Mr. Willey, there are two sides to the capital and labor question. There is something wrong somewhere when two men, apparently equal in intelligence, in energy, and in the practice of economy, begin business at the same time and place, but at the end of, say, twenty years one counts his wealth by the million, while the other remains in poverty. This is taking place constantly. We see it all around us, and I tell you that while a few live in palaces and sweep through Central Park and along our main thoroughfares in costly equipages, with train and attendant, so to speak, the great mass of hard-working people can never be made to believe that there has been a fair division of earnings, and the clamor for a more equal distribution of the good things of life will not cease while such conditions continue.”

This statement is especially valuable as coming from a

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rich man. Then, too, it suggests ideas which are exceedingly important at this time. It reminds us that there is constantly before the laboring-man what to him is an irrefragible argument in support of the theory that he is being robbed and his opportunities for material advancement destroyed. He casts his eyes abroad and beholds mammoth ships on the sea and countless trains on the land; rich dwellings and costly business structures tower high in air and look contemptuously down upon homeless poverty below. He gazes upon these huge piles of wealth and soliloquizes: "The great God made the earth and the raw material therein for the equal benefit of all his children who are willing to do honest work. These bricks have been molded from clay, this iron dug from the mines, this lumber culled from the forest, these stones cleft from the quarry, brought hither and placed in their present proud position by the sons of toil, who now own but an insignificant part. Even the land, especially that of the cities, is held by the few, and the many are excluded. Surely this is not right; the division between capital and labor has not been just; and if ever equal opportunities existed, these vast accumulations of wealth have destroyed them and created a gulf between capital and labor, between rich and poor, that is becoming harder and harder to cross."

Such are the convictions of labor, and such are the convictions of not a few of the well-to-do and some of the very rich.

There are capitalists who will take all they can legally get without regard to the effect upon labor. There are

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laborers who would deal just as mercilessly with capital. But I believe that in the main both capital and labor desire that each shall prosper as they deserve. The trouble is they do not see clearly as to what really is deserved, therefore each finds it difficult to judge of the motives that govern the conduct of the other; and a long step will have been taken in the direction of lasting peace and a more extended brotherly love when it is generally understood that an honest conviction cannot be suppressed—only hindered.

The opposition to trusts and large aggregations of wealth, etc., involves an idea, and the only way to down an idea is to argue it down. If it cannot be conquered in that way, it is because it is true, and therefore hath eternal life.

If monopoly, plutocracy, and large fortunes actually stand across the people's pathway of advancement, as many believe, their destiny is oblivion sooner or later. It is not more impossible to stop the march of the mighty river which, fed by countless streams, leaps Niagara on its way to the broad ocean, than to stay the tide of human progress toward a larger liberty and a more perfect happiness, the desire for which dwells in a greater or less degree in every human bosom, in every land, and on every sea. Let us, therefore, clear the road by honest thought and by fearless, considerate, non-partisan debate.

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CHAPTER III.

MONOPOLY.

Judge David Brewer, of the United States Supreme Court, delivered a speech July 4, 1893 (see *New York Independent*, July 14, 1893), from which the following is copied :

"A capital combine may, as is claimed, produce better, cheaper, and more satisfactory results in manufacture, transportation, and general business; but too often the combine is not content with the voluntary co-operation of such as choose to join. It grasps at monopoly, and seeks to crush out all competition. If any individual prefers his independent business, however small, and refuses to join the combine, it proceeds to assail that business. With its accumulation of wealth it can afford for a while to so largely undersell as to speedily destroy it. It thus crushes or swallows the individual, and he is assaulted as though he were an outlaw.

"So it is with organizations of labor; the leaders order a strike; the organization throws down its tools and ceases to work. No individual member dare say, "I have a family to support; I prefer to work," but is forced to go with the general body. Not content with this, the organization too often attempts by force to keep away other laborers. It stands with its accumulated power of numbers, not merely to coerce its individual members, but also to threaten any outsiders who seek to take their places. Where is the individual laborer who dares assert his liberty, and act as he pleases in the matter of work? where is the individual contractor or employer who can carry on his business as he thinks best? . . .

"It is true that there is a commendable effort constantly being

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made to secure the liberty of the individual; but are we forever to be calling out the militia to protect property from the hands of strikers? are the Pinkertons to become a constant factor in our civilization? Is it not time that the dormant energies of our nation were aroused and a speedy and summary stop put to every such trespass on any man's liberty? Are we going to drift along until this contest ends in a bloody struggle? Must our children pay for securing the real liberty of each individual the price that the nation paid a score of years ago to abolish human slavery?"

These words of the distinguished jurist are full of serious inquiry and solemn import, and all the more so because the author is removed from the temptations that so often bias the opinion of the politician and the citizen out of office. Judge Brewer has practically a life lease of one of the highest offices within the gift of the nation, and a guaranty of a salary sufficient to more than meet any financial demand that is likely to be made upon him. It cannot be denied that the conditions exist as he describes them, and that the liberties of the individual appear at first glance wellnigh crushed.

Here and there is an employer opposed to trusts and combines; but over him hangs the tremendous weight of a vast amount of accumulated wealth ready to crush him if he dare assert his individuality.

Again, there are workingmen who object to combines in their ranks; but they are confronted with an overwhelming majority of their kind. In fact, a large preponderance of the very energy, capitalistic and laboring, which Judge Brewer would summon to break the force of the combines,

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has already joined the combines or is co-operating with them.

Then, too, the combines are not without argument to support their position and defend their practices, and not a few of these arguments are based upon lofty humanitarian principles and flow from the purest reason.

For example, some of the excuses offered for the rigid labor code, and the apparently cruel treatment of non-union men by their brother-workmen and by labor organizations, is that the labor market is so overstocked, and the tendency of a certain class to accept wages that will not afford a comfortable living for respectable workmen is so great, that severe measures are indispensable to the good of the whole.

If this argument is not satisfactory to the fullest extent, there is, nevertheless, a part that cannot be overthrown. The principle that the few must not be allowed to stand in the way of the progress of the many is fundamentally correct.

Regarding capitalistic combines: The capitalists say that the fact that more than thirty per cent. of those who engage in business on their own account do not succeed, and the multitudinous failures among men with established business reputation and once large property resources, proves that the margin on capital invested in trade and manufacture is ruinously small, and that the trust and combine are necessary to prevent the fierce competition that has so shrunk profits that the equilibrium of commerce and industry is everywhere disturbed, and the continued progress of business enterprise seriously threatened.

If these are not valid arguments in favor of capitalistic combines, they are certainly very plausible excuses.

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However, in the present state of the public mind, whatever of tyranny is practiced by labor organizations is generally looked upon as a matter of necessity that has grown out of the avaricious conduct of monopolies and the merciless treatment of the employee by the employer, while the combinations of capital are popularly regarded as entirely unjustifiable—and their growth looked upon as dangerous monopoly.

Most of those who have achieved financial success claim that their present wealth, or that the foundation for the same, was the result of self-denial and a careful saving of earnings at a time when more hours were required for a day's work and the wage paid to labor was from 50 to 200 per cent. below what it is at the present time. As a rule these men are the leading monopolists of to-day, and, like the laborer, they are jealous of what they believe to be their rights. They feel that their efforts have not lessened the opportunities of the masses, but increased them through the opening up of new avenues of trade and by creating new demands for labor. Naturally enough, then, they regard a great many of the complaints made against monopoly and large fortunes as without excuse and calculated to lead to a reckless fanaticism and an unreasoning crusade against the rights of property.

The laborer and the capitalist can be brought to an unprejudiced discussion of the subject of monopoly only after a distinct understanding has been reached regarding what monopoly is and who are really concerned in it.

The gist of Webster's definition of monopoly is that it is

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“a special privilege,” but this definition scarcely touches monopoly as it exists in the United States.

In olden times, in other countries, special privileges were often granted, but a higher civilization has greatly reduced the number—indeed, they are rapidly disappearing, even in the Old World.

In our own country there never have been special privileges worth considering except such as are granted to authors and inventors. Charters for railroads, banks, joint-stock companies, etc., etc., are granted practically without limit and for a sum that is merely nominal.

What our people look upon as monopoly relates not so much to the enjoyment of a special privilege as to the *amount of wealth* that is gathered and controlled by individuals and corporations. A thousand privileges might be granted, but if they did not result in more than an ordinary amount of wealth they would not be thought of as monopolies.

Again, so far as there is any monopoly in this country it flourishes as well under the ordinary grants of privilege, such as deeds, etc., as under charters. A. T. Stewart became as much a monopolist in trade without being incorporated as Vanderbilt in transportation with his charters from State governments.

Indeed, there is usually greater opportunity to practice monopoly under the ordinary grants of privilege than under charters, since charters almost invariably carry with them restrictions not common to other conveyances.

So far as it relates to privilege the peanut vendor with

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legal permission to control a stated portion of the sidewalk has a monopoly no less than the Vanderbilts with their railroads. The privilege granted the peanut vendor does not prevent others from obtaining like privilege on another sidewalk, or on another part of the *same* sidewalk, for that matter; neither does the privilege granted the Vanderbilts prevent others from obtaining the right to plant railroads wherever such privilege has not already been granted.

In fact, the only material difference in the monopoly of the peanut vendor and that enjoyed by the Vanderbilts is in size, not in kind; in extent, not in principle.

Grocers, lawyers, shoemakers, etc., are to all intents and purposes monopolists. They have a legal and exclusive right of possession of a specified property, and under and through such legal right they monopolize their respective lines of business up to the limit of their ability. Who does more or less than this?

The New York *World*, April 11, 1892, used the following language:

“What the country needs is an honest, earnest movement against all monopolies and the enactment of laws by Congress and State Legislatures that will effectually kill and bury the evil.”

Suppose we join the New York *World*, the good chaplain (previously quoted, who thinks “grinding, selfish monopoly must cease”), and others holding the same opinion (I doubt not they constitute a vast majority of all the people) for the purpose of destroying monopoly. Where

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will we commence? Where does "grinding, selfish monopoly" begin, and where does it end?

Let us see; the wealth of earth, equally divided, will amount to somewhere in the neighborhood of \$200 to each inhabitant. Now, if no one individual possessed more than \$200 of value, what we call monopoly would have no existence. The starting-point of monopoly, therefore, is where one begins to hold more than an equal share of the world's property. The *existing condition* is that Jones is holding \$1,000, Brown \$5,000, Thompson \$10,000, Snyder \$20,000, Gordon \$50,000, Higgins \$100,000, Cartwright \$1,000,000, and somebody else \$10,000,000.

All these are monopolizing vastly more than an equal share of the world's wealth. Now, where shall we draw the line, and say that those above are harmful and those below are not?

If large monopolists grind and oppress, the same must be true of the smaller. Human nature is the same everywhere, and business methods differ but very little. Therefore, if monopolists are crushing the people, ten small ones will crush as many below them as one ten times larger will crush below it. Where, then, is the logical stopping-place in the destruction of monopoly, until no one person is allowed to hold more property than another?

While our means are yet limited and we cut but a small figure in the commercial world we are not conscious of being monopolists; yet, if we are not monopolists, what are we? We practice the principle as vigorously as the richest corporation on earth. In fact, we are precisely where the

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great monopolists of to-day once were ; controlling a small business, enlarging it as rapidly as possible, and indulging the hope that sooner or later our possessions will rank among the largest in the land.

There is a sublime sentiment in Whittier's poem entitled "What the Voice Said," which seems to me to apply to our case so far as it relates to monopoly. This is it:

"Earnest words must needs be spoken
When the warm heart bleeds or burns
With its scorn of wrong, or pity
For the wronged, by turns.

But, by all thy nature's weakness,
Hidden faults and follies known,
Be thou, in rebuking evil,
Conscious of thine own."

The reader will observe that I have not undertaken to discuss the merits of monopoly. I have simply been looking for the real root and substance of the thing, and trying to ascertain our own relations and the relations of all men to it. If we have found that, although we inveigh against monopoly, we are nevertheless practicing monopoly, it will naturally stimulate us to look deeper into the subject, and, if we find the principle to be wrong, I trust we shall be all the more careful to exercise the precaution suggested by the poet—

"Be thou, in rebuking evil,
Conscious of thine own."

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CHAPTER IV.

PLUTOCRACY.

Let us now glance at that twin brother of monopoly, called plutocracy. What is it?

Webster's Unabridged gives the following as the definition of plutocracy:

"A form of government in which the supreme power is lodged in the hands of the wealthy classes alone; government by the rich; *also a controlling or influential class of rich men.*"

Of course nobody claims that we have a plutocratic form of government; therefore when we speak of plutocrats or plutocracy in the United States, we mean rich men who are inclined to use the power of their wealth and position to control the masses, especially in the realm of politics and to shape legislation according to their own notion. One very important fact necessary to consider in this connection is that neither money nor wealth necessarily constitutes one a plutocrat. Some of the most influential politicians (political plutocrats) in the United States possess comparatively little property. And in the poorer districts are found men who cannot command a hundred dollars, yet their plutocratic power among their fellows is almost absolute; in fact, plutocracy is everywhere. Let us suppose, for the sake of argument, that the *laboring* people undertake to organize a party of their own, ignoring all other parties and excluding plutocrats. How will they go about it? The *leaders* will first council together; but, then, these leaders are plutocrats, they dictate the political action of the rest. They are to their

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fellows what the wealthier political plutocrats are to theirs; and when their organization is complete orders will issue from headquarters and pass down the line from plutocrat to plutocrat, and the rank and file will begin their campaign march, keeping step to the music of wage-earning plutocracy.

We are so unfortunate as to have a class of men among us who are unprincipled enough to sell their vote and political influence for money, and the popular belief is that large fortunes are almost the sole progenitors of trading political plutocracy.

Take notice, campaign funds are not contributed entirely by the very rich; far from it; indeed, it is often complained that the rich are more niggardly in their contributions for such purposes than those of smaller means; and, mark you, the less wealthy contributors do not insist that *their* donations shall be honestly used any more than do the richer class; therefore, so far as political funds are used for corrupt purposes, the small plutocrat is as guilty as the larger. Again, the creatures who will sell their vote or political influence for money will be governed in their action by the "amount going around," as common parlance has it; *that* is, when but little money is to be had they will sell for less, so that if the large fortunes did not exist smaller ones would have the same plutocratic power. The corruption in politics, then, is not due to the larger fortunes, but to immorality and want of manhood.

In the popular mind of to-day, the word rich and the word plutocrat mean about the same; to wit, tyranny and oppression.

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But who are the rich? and where do they reside? Mark you, rich and poor are relative terms, and whether one is rich or otherwise depends more upon where he is located than upon the number of dollars he can command.

For example: A man is probably richer in the rural districts of New Hampshire with fifty thousand dollars than he would be in Boston or New York with a million. The greater cost of living and other larger necessary expenses would probably consume the million in either city in less time than the smaller expenses would consume the fifty thousand in the rural district.

Forty years ago, in that part of the country where I spent most of my boyhood, twenty thousand dollars was an immense fortune; a man with ten thousand was considered rich; while one with five hundred was not counted poor.

One is comparatively richer, and so far as plutocracy can affect political results for good or ill he can probably accomplish as much, with one hundred thousand dollars in the State of Mississippi, for example, as he can with a much larger sum in the State of Massachusetts, the reason being that human nature is the same in both States, while the average wealth is very much less in Mississippi than in Massachusetts.

Therefore, supposing the citizens to be equally honest and equally intelligent, a given number of dollars will naturally bring much larger results of any kind in the former than in the latter State.

Or, to state substantially the same proposition in another way, the lesser capital of the South can control as much in-

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fluence, political or what not, in the South, as the larger capital of the North can control in the North.

Therefore, it necessarily follows that there is as powerful a plutocracy (if you see fit to call it by that name) in the South as in the North—in one part of the country as in another.

Rich plutocrats are few, while plutocrats possessing small fortunes are very numerous; and who can say that one class is less to blame for whatever of wrong comes from plutocracy than the other?

Again, if to be rich is to be plutocratic or hurtful to the masses, how many are there, even among reformers, who are not putting forth their best efforts to become rich, which, according to the logic of the hour, will render them injurious to their poorer neighbors?

In short, is it really anti-plutocracy that is fighting plutocracy? or is it the smaller plutocrat fighting the larger?—the unsuccessful complaining against the successful?

“We have tried as hard as yourselves, we have employed the same business methods, but you have outstripped us in the race for wealth; you have become rich—we have failed; therefore you are a dangerous plutocrat.”

This statement of the case might, without further explanation, look as if the writer intended to charge those who oppose the present régime with hypocrisy and ungenerous conduct toward their competing brothers who have gained more property or influence than themselves. Such is not intended, however. The statement is made simply to show the universality of plutocracy.

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Those who are agitating against plutocracy and monopoly are not necessarily dishonest, nor do they mean to be ungenerous toward others. It should be stated, however, that the masses have not gone far enough into the subject of plutocracy to comprehend its reach, the ground it covers, and the logic their position involves, and especially do they fail to realize how far they are willing to practice, and in fact do practice in business and in politics, the very principle which they so earnestly condemn as plutocratic and wicked.

There are many wrongs to be righted, but let it be remembered that whoever attempts to pluck the mote from his brother's eye while the beam yet remains in his own cannot succeed.

CHAPTER V.

THE WIDER VIEW.

The essence of plutocracy is found in monopoly, and for the sake of convenience we will, for the time being, consider both as expressed in the term Monopoly. Whoever takes the larger view of monopoly cannot fail to be impressed with the thought that the masses in all civilized countries are freer, wiser, more refined, and possess more property than they did a century ago; and that all this has come to them, notwithstanding the existence of monopoly.

It may be fairly claimed that institutions and things that

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stand in the way of human progress cannot endure. Pestilential diseases, once the terror of every clime, are disappearing before the march of science, and human life lengthens as the years roll on: famine, with its long train of human woes, and religious intolerance, with its merciless fagot, are retiring to more benighted fields; peaceful arbitration is taking the place of war, so that that bloody relic of barbarism, unable to stand the light of modern civilization, is taking up its march to join the retreating plagues of a more ignorant and despotic past. Not so with monopoly. As wisdom, goodness, refinement, and liberty have increased, so has monopoly.

Now, since all these have flourished side by side from century to century, without the first visible sign of decay in either, each witnessing progress in the other corresponding to its own growing greatness, may it not be that a harmony exists between the *principle* of monopoly and the commonly accredited elements of human progress, hitherto undiscovered by the multitude?

That some friendly relationship does exist between monopoly and the higher development of our race seems to be clearly indicated in the fact that that which we call monopoly begins under the protection of law, which is the inevitable result of civilization, the natural outgrowth of cultivated mind.

It cannot be denied that these statutes are spurs to improvement and noble endeavor. The son of the forest leaves his savage haunts and his home in the wood and submits to the more rigorous discipline of civilized life

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largely on account of the protection it affords him. Here he may monopolize the results of his own labor; he may fence in the land from which he digs a livelihood. He toils, accumulates, and beautifies under the promise that he shall not be obliged to yield up his possessions to whoever may chance to command a swifter arrow or wield a more deadly tomahawk.

If we reason from effect back to cause we find that monopoly flows from a principle irrevocably established in the very heart of nature and exemplified in a greater or less degree in every son and daughter of earth.

The average man dwindled and dwarfed in the majestic presence of Daniel Webster. The common debater went down before his logic and eloquence. Before high tribunals, where ordinary talent dared not venture, Webster's career was a conquering march. Many a lawyer fell by the wayside, while Webster went on cleaving his way through courts and Senates. All this was the necessary outgrowth of extraordinary talent centered in a single human being by an infinite creative Power. In other words, Webster was one of nature's great monopolists in the domain of intellect. His talent and stamp of mind led him to pre-eminent success in one direction; the same degree of what is called financial talent would have led him to success correspondingly great in commercial enterprises. This means what? It means that, as a rule, large accumulations of mental power and learning and large accumulations of material wealth may be equally the product of nature, both originating in the constitution of the

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human mind and in surrounding conditions not created by man.

Or, to state the fact in another way, Webster's ability to monopolize the attention of the world, secure the most important cases before the courts, and frequently to control public events beyond most other men, was the result of forces which he did not generate.

The results that followed were not pleasing to some of the lesser lights, because Webster monopolized so much of a kind of practice and consideration which they coveted. Nevertheless, other lawyers were not hindered by Webster's success; the light of his mighty intellect shone in every direction, and those below him became more successful practitioners in consequence.

The power to generate great ideas, the power to command great armies, the power to make great discoveries in the fields of science, the power to move the world with tongue or pen, the power to originate and conduct great industrial enterprises and accumulate large fortunes,—always has been and always will be the inheritance of the few.

The popular belief is that such men, in originating and controlling great enterprises, corporations, etc., become powerful centralizing forces, destroying the opportunities of the many. This question will be the subject for discussion in the next chapter.

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CHAPTER VI.

DO CORPORATIONS CONCENTRATE WEALTH?

The Rev. Josiah Strong, D.D., General Secretary of the Evangelical Alliance for the United States, has written a very interesting book entitled "Our Country." It is gaining a very wide circulation; clergymen are quoting it extensively. The introduction is from the trenchant pen of Prof. Austin Phelps, D.D. In the chapter entitled "Perils of Wealth," pages 174-175, appears the following:

"It is the tendency of our civilization to destroy easy gradation from poor to rich, which now exists, and to divide society into only two classes—the rich and the comparatively poor. In a new country almost any one can do business successfully, and broad margins will save him from the results of blunders which would elsewhere be fatal. But with growing population and increasing facilities of communication, competition becomes severe, and then a slight advantage makes the difference between success and failure. Accumulated capital is not a slight but an immense advantage. "To him that hath shall be given." *There will, therefore, be an increasing tendency toward the centralization of great wealth in corporations, which will simply eat up the small dealers.* As the two classes of rich and poor grow more distinct they will become more estranged, and whether the rich, like Sydney Smith, come to regard poverty as "infamous" it is quite certain that many of the poor will look upon wealth as criminal."

Dr. Strong's idea is that corporations are destroying "the opportunities to pass from the lower grade of society to the higher," and that "*there will be an increasing tendency toward the centralization of great wealth in corporations.*"

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A gentleman informed me that while he was a member of a Western Senate his constituents kept his desk piled high with letters warning him not to jeopardize his own and their interests by yielding to the demands of associated capital. "Beware of corporations" was the cry from every point of the compass.

The prejudice against corporations has arisen mainly from their supposed tendency to concentrate wealth in the hands of a few, and to lessen the opportunities of the many to enter business on their own account, or to obtain a fair share of the results of the joint efforts of capital and labor. The public mind has been so deeply engrossed with this theory that it has not taken sufficient time to consider the subject of corporations thoroughly.

Corporations are a necessity of our civilization. In fact, they have aided civilization, and civilization has aided them. Indeed, corporations were born of civilization, and nothing less than associated capital as it appears in corporations could have produced the magnificent results we see all around us. Scarcely a mine has been opened, a ship launched, a mountain tunneled, a railroad built, a factory reared, or a telegraph wire suspended in the air that has not been accomplished, directly or indirectly, through corporations. Why, then, should they make it harder for the people to rise to a more independent position? Why should they centralize the results of toil? In other words, what interest has a corporation that is not common to everybody?

It is ordained that an infinite variety of dispositions, aspirations, and capabilities should exist together in the human

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family, but the infinite beneficence and wisdom of the Author of nature has linked the interests of all in one endless chain of universal brotherhood. One man can walk faster than another, because he has longer, stronger, or more nimble limbs. The lightning calculator can out-reckon the average mathematician, because he has greater mathematical talent. One can accumulate wealth more rapidly than another, because he has more financial ability or more favorable opportunity. But the interest of one always remains the interest of the whole. To illustrate :

In a certain neighborhood there are three physicians. It is safe to say that one of these does as much as the other two combined. In other words, one physician monopolizes one-half of the practice of the neighborhood, and it may be added that he does it just as effectively as if the government had granted him the exclusive privilege.

There are traders in the same locality equally successful in their line. They outstrip their competitors, and at the same time treat their customers just as well or better.

These men, and men like them, soon possess more property than the average citizen. They are quick to see business openings. It may be that a new railroad promises the best results. They combine their surplus capital, procure a charter, and build the road. Their interests are no less interwoven with the interests of the people now than before. As physicians and merchants, in order to secure the best results for themselves, they were obliged to locate where they were the most needed. Then, in order to be secure themselves and to make headway against those who were already

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competitors, or liable to become so, they were obliged to treat the public justly and kindly. The same consideration of self-interest will necessarily govern these men in planting and operating their railroad. For their own gain, they will locate where the people most need it, and carry as cheaply as possible to avoid the danger of competition.

There is, therefore, no natural reason why corporations should not promote the interests of rich and poor alike.

Here comes to mind a conversation with a Wall street lawyer who had been employed to prosecute the Standard Oil Company in a case, the particulars of which he did not relate. I inquired concerning the business methods of that famous corporation.

He thought the concern very cruel, and gave it as his opinion that whoever undertook to defend it would land on the lee shore.

I told him I had not the slightest desire to defend the Standard Oil Company, since I had never had any connection with it. I was after the economics of the concern.

It would probably be as difficult to justify all the business conduct of the Standard Oil or any other corporation as it would be to furnish a complete defense for all the business schemes of individuals.

As has been stated in a previous chapter, the people do not regard themselves as at all connected with what they call monopolies (corporations). On the contrary, they look upon whatever wrong, or apparent wrong, these institutions

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are guilty of as entirely the fault of capital—they call it the greed of capital. Therefore they are not in a frame of mind to treat the subject with the candor it deserves. A just and dispassionate consideration of the subject of capital and labor in all its bearings can be had only when the masses fully realize the logic of their own position toward large aggregations of wealth and the perfect blending of their interest with that of capital, and how exactly like the large capitalist the small capitalist is.

Members composing large corporations are not more avaricious than the world of people about them; but, for the sake of the argument, and for the purpose of bringing into a clearer light an important principle, we will suppose the Standard Oil Company, for example, to be composed entirely of avaricious people. Now, how does it monopolize so much of the oil trade?

A friend, who has been trying to produce oil in a small way answers the question. He says he cannot succeed owing to the fact that the Standard Oil Company sells its product at so low a rate. For this he blames the company. Why not blame the people as well?

The company offers oil at a price which the people know will crush small dealers, yet they purchase at that figure. On the principle that the receiver is as bad as the thief, if the company is guilty the people are not innocent. Or, to state the substance of the matter in another way, the company sells at a low price to control the trade and to make money; the people buy at a low price to save money. Both are looking out for themselves, and leaving the small dealer

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to look out for himself. If the company is cruel, what shall we say of the people? Or, if "avarice" is the word to use, who will say that the Standard Oil monopoly is not as much the result of the avarice of the people as of the company, since the people do not come to the rescue of the small dealers by offering them a higher price for oil?

But, leaving all this out of the question, does the Standard Oil Company concentrate wealth in the hands of a few?

Imagine the American people contracting for ten million barrels of oil. A hundred small firms can furnish one hundred thousand barrels each at a certain figure; but the Standard Oil Company, owing to its greater wealth and larger facilities, can afford to discount the offer of the small firms, say twenty cents on a barrel. This will save the people \$2,000,000 on their purchase. Now, is it not just and humane—in other words, will not the greatest good come to the greatest number, and will not wealth be more diffused—through letting the contract to the Standard Oil Company?

If we patronize the hundred small firms we must pay a higher price for kerosene. Can we afford it? Can the people, for the sake of keeping the small firms in existence, afford it? Such a course would please the small firms, since it would lodge \$2,000,000 of the people's money in their pockets, but is it not better for the people to keep this money in their own pockets?

Now, the popular question will be, Shall we allow the one concern such power of monopoly, and thus permit the profits

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of the oil trade to center in the hands of one great corporation?

The public does not consider that by patronizing the Standard Oil Company we practically distribute (leave uncollected) the \$2,000,000, more or less, which the company discounts among sixty millions of people, instead of collecting and concentrating it in the hands of small firms.

Neither has it dawned upon the masses that a great many more individuals with small means are interested in the oil trade on account of the Standard Oil Company than could possibly be interested if the business was in the hands of private firms. The machinery and other things necessary to produce oil in any considerable quantity cost no small sum, and a man's wealth must reach well into the thousands in order for him to engage in the production of oil on his own account with any prospect of success; but about one hundred and eighty dollars will give one an interest in the Standard Oil Company at the present time. The small amount of money required to purchase a share of stock has given an opportunity to people of very limited means to share in the profits of the oil trade, and has placed the property of the Standard Oil Company in the hands of a great many people (about four thousand). Hence, whatever of profit we pay to that corporation is more widely distributed than if we paid it to private firms, while not a single laborer less is employed in the oil business.

In short, this subject may be summed up as follows: The Standard Oil Company supplies us with oil at lower rates than small manufacturers can afford; it offers the smaller

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capitalists an opportunity to invest and share its profits; it employs all the labor that can be employed in the business, whether the oil is furnished by few or many firms, and it diffuses wealth more generally than private firms can.

What is true of the Standard Oil Company, so far as it relates to the distribution of wealth, is true of corporations generally. But the fact that private firms have sometimes been driven out of business by the larger concerns has so riveted the attention of the public and so aroused popular sympathy for the small dealers, that the co-operative and distributive nature of corporations is almost entirely overlooked.

The popular feeling and method of reasoning regarding this matter are well illustrated in a few words by the Rev. Dr. Strong, which I requote from his statement on page 43, as follows :

“In a new country almost any one can do business successfully, and broad margins will save him from the result of blunders which would elsewhere be fatal.”

Dr. Strong's theory is that because accumulated capital as it is found in corporations is a great advantage to the wealthy, and has the effect to reduce margins (profit), it therefore has the further effect to lessen the opportunities of individuals of small means to enter business and realize profits for themselves. This is generally regarded as tyranny natural to corporations, which means the destruction of liberty sooner or later unless something extraordinary is done to prevent it.

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But the all-important fact in the case is that the difference in the larger profit from trade and manufacture which ruled before the days of great corporations, and the smaller profit now received, goes to the people instead of to the traders and manufacturers, as it formerly did.

To illustrate: We will go back thirty years, during which time the growth of corporations has been the most rapid, and say, without attempting to be accurate, that the average business of the country has been thirty billions per annum, and that the average profit to manufacturers and traders would have ordinarily been ten per cent., or three billions per annum—ninety billions in thirty years—but the growth and competitive power of corporations have reduced those profits, say twenty per cent., or eighteen billions in thirty years. These eighteen billions, then, represent the amount which the people have retained of the profits of industry, which would have gone into the pockets of manufacturers and traders but for the severe competition of corporations, which Mr. Strong and so many intelligent and cultured people like himself think are eating up the results of toil. All this vast sum of money has passed through the people's hands for food, clothing, homes, etc., etc. And, mark you, no less labor has been employed, and a higher rate of wages has prevailed.

How then do great corporations concentrate wealth? Why do they not benefit rich and poor alike? Indeed, if statistics can prove anything, then it is proved that corporations do benefit rich and poor alike. Let us see if this is not correct.

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On pages 102 and 103 of the statistics of Massachusetts Manufacturers, issued by the Labor Bureau, for 1887 and 1888 appears the following:

"In 1887 the number of corporations represented in one thousand and twenty-seven (1,027) establishments compared, is but 81.45 per cent. of the total number of establishments, and only 45.88 per cent. of the number of private firms; yet, these corporations represent the interests of 49.07 per cent. of the total number of investors, and the number of stockholders is more than *fifteen times the number of partners.*"

These data prove beyond cavil that the tendency of corporations is not to concentrate the profits of industry in the hands of a few, but to diffuse them among the many.

Or, to state the same fact in another way, the corporations in question have increased the opportunities of the people to become manufacturers and sharers in the profits of business, fifteen-fold over a proportionate number of private firms.

The report continues as follows:

"In the manufacture of cotton goods, the 30 private firms represent only 58 persons, while the 81 corporations have their capital stock diffused among 18,901 persons."

Mark you, thirty private firms represent only 58 owners, while 81 corporations represent almost 14,000 owners.

Here is an appropriate place for a statement by a lady writer. (See *American Woman's Journal* for October, 1893, page 72, as follows:)

"Four hundred years ago, when Columbus came to America, the

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squaw toiled for her dusky chief; to-day our women drudge for aliens and soulless corporations."

This represents the idea prevalent among very many intelligent women, at least so far as it relates to the relation of corporations to the female portion of our population; but the report from which I have just quoted shows a state of facts which, when they come to be understood, will reverse that opinion. For example, it is there shown that in 708 private firms 29 of the investors were females, while in only 319 establishments conducted by corporations, there were over 6,000 female investors. In other words, where the manufactories were in the hands of private firms, there was only one female owner to about fifty male, while in the corporations there were almost half as many female as male owners.

Therefore these corporations have increased the opportunities, not only of poor men, but poor women, to invest their small earnings and become sharers in the profits of business on the whole more than fifteen-fold.

The fact that corporate organizations throughout the country are a means by which the profits of industry are more evenly distributed cannot be questioned any more than in the case of the Massachusetts cotton manufactories. It is a matter of figures and a thing of record. The price of the shares of stock and the number of investors are a mathematical demonstration that does not admit of doubt.

Therefore we know to a mathematical certainty that the tendency of corporations is not to concentrate, but to dif-

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fuse, the results of industrial energy; not to lessen the opportunities of the many, but to increase them.

CHAPTER VII.

RICHES AND HONESTY.

In the chapter on "Perils of Wealth," pages 174-5 of Dr. Strong's work before quoted, appears the following:

"Superfluity on one hand and dire want on the other—the millionaire and the tramp—are the complement of each other. The classes from which we have most to fear are the two extremes of society—the dangerously rich and the dangerously poor; and the former are much more to be feared than the latter."

Following this statement of the learned D.D., and on the same page, the distinguished Dr. Crosby is quoted as follows:

"The question which threatens the uprooting of society, the demolition of civil institutions, the destruction of liberty, and the desolation of all, is that which comes from the rich and powerful classes in community."

On page 173, same chapter, appears the following:

"We have indeed some rich men who are an honor to our civilization; but the power of many millions is almost certain to find its way into strong and unscrupulous hands."

Note the words following the last semicolon—"but the power of many millions is almost certain to find its way into strong and unscrupulous hands." Again, note the

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first sentence in the quotation from Dr. Strong: "*Superfluity on one hand and dire want on the other—the millionaire and the tramp—are the complement of each other.*"

The belief that generally the larger fortunes are in the hands of those who are unscrupulous and selfish above ordinary mortals has given rise to a great deal of unpleasant, not to say violent, feeling. It moved a member of the Woman's Convention at Washington, D. C., in 1892, to declare that she would follow the capitalist from the banks of Wall street to the gates of hell. It made the Masonic Temple, Twenty-third street, New York, resound with applause when Hugh O. Pentecost declared that "a drop of blood must flow for every tear that had washed the cheek of toil."

Now, it is no answer to the laborer and his friends to call them fanatics, etc., etc. Dr. Strong believes that the tramp exists because the millionaire exists; *that is*, the million has been taken from the laborer, which has made him a tramp; and Dr. Strong is not a fanatic. He is an able and considerate person. Ex-Senator Ingalls does not believe that a hundred thousand dollars were ever honestly earned by one man; and Mr. Ingalls is not a fanatic. He is simply brilliant and full of generous impulses. The editor of the *Labor Leader*, before quoted, believes that most of our very rich men may be justly accused of having committed robbery; yet when I met that editor in Boston he appeared like an intelligent, sincere man, not given to fanaticism.

The principle I desire to most emphasize at the present

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moment is explained by historical facts concerning three distinguished individuals, as follows :

A New York divine lately said :

"We read in history that in May, 1775, George Washington on his way to Congress met the Rev. Jonathan Boucher in the middle of the Potomac. While their boats paused the clergyman warned his friend that the path on which he was entering might lead to a separation from England."

"If you ever hear of my joining in any such measure," said Washington, "you have my leave to put me down for everything wicked."

George Washington was a very great man, yet he was not among the earliest to see the approaching revolution which was then so near, and he was much later than many of his illustrious contemporaries in feeling the necessity for an independent government for the colonies. But Washington was honest as well as great, and when he saw the right he embraced it, and the world will never forget how bravely and uprightly he walked in his newly discovered path of duty.

Benjamin Franklin was a very honest man, and as to intelligence it is the opinion of the writer that rarely, if ever, has a mind appeared in history whose march through the universe of knowledge was more majestic and sweeping, and at the same time powerfully searching, than that of Franklin. Yet near the close of his illustrious career, when asked for his opinion on some intricate subject, the great philosopher replied : "Really, I am loth to give an opinion, I have been obliged to change my mind so often."

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In the ever memorable debate between Webster and Hayne in the United States Senate, Hayne attempted to weaken the force of Webster's argument by referring to what he regarded as a great inconsistency in his political career, to wit: He had once been a free trader, but now he was found advocating a protective tariff. Webster administered a few words of scathing rebuke to the theory that consistency demanded that one should always be found supporting the same policy, and then vindicated himself with the words: "I saw reason to change my mind."

The more intelligent and progressive a man is—the more determined he is to be right—the further he wades out into the great ocean of facts and figures and mystery, the oftener he comes into contact with larger truths and sterner difficulties, and the more frequently he is obliged to change his course.

Show me a man who has never found himself on the wrong road, and I will show you a man who has always tarried very near the spot where he was born, and whose fund of knowledge corresponds very nearly to the small area within which his footsteps have been confined. Some one has well said: "A wise man changes his mind; a fool never."

The moral inculcated is not that the opinions of great men should be disregarded. But all history, and all experience with the frailties and blunderings of even the purest and most reliable of human beings, bid us to think for ourselves. There is a vast deal of right reasoning from wrong premises, and very much harm has come to the world from that source.

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Men, distinguished for talent and goodness, have advanced theories; the lesser lights have taken them up and heralded them abroad, and the masses have embraced them, not because they have reasoned them out for themselves, but on account of their respectable origin; and hate and carnage and misery have many times followed, when scrutiny under the light of a fearless and cultivated reason, would have led to very different results. The sincerity and ability of those quoted regarding the dishonesty, etc., of the rich have been freely admitted; and I am encouraged to frankness in the further discussion of the subject by the thought that I am dealing, not with a class of cranks (although there are cranks among them as there are in all classes), but with men and women, not a few of whom are found among the most learned and intelligent of earth, and whose moral sensibilities are so highly developed by disinterested thinking that they feel the sufferings of others more keenly than the average individual, and fly earlier to the defense of the wronged and to the support of the weak.

But it is human to err, and even the wisest and best cannot always avoid mistakes.

This chapter is not intended to be an exhaustive discussion of the comparative honesty of the rich, or of the rich and the poor; only to throw out a few hints and establish certain facts necessary to an unprejudiced consideration of the chapters that follow.

In the first place, if we assume that the very rich have necessarily robbed to get their wealth, we are immediately perplexed by the question previously discussed, to wit,

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Who are the very rich, and where do they reside? A million is not so very rich for New York, while fifty thousand is an immense fortune in some other towns. And the former sum may be as easily won in New York as the latter sum in some other localities. Where, then, shall we draw the line and say that all, or even a large percentage, or any number, for that matter, of the fortunes above a certain amount are the result of dishonesty, while those below are not? Ordinarily this question alone would make clear the impossibility and irrationality of attempting to establish a man's character for either honesty or dishonesty by the size of his fortune.

However, the belief that most men of great wealth are necessarily dishonest is based upon the further belief that it is not in the power of any one man to honestly earn what to-day is called a large fortune in our leading cities, for example. It will be remembered that ex-Senator Ingalls was cheered by a very large religious audience when he expressed a doubt as to whether any one man ever honestly earned a hundred thousand dollars. Mr. Bellamy infers that because a small boy would be suspected of having come dishonestly by a thousand dollars, should that sum be found in his possession, it therefore follows that a man found with a million has got more or less of what belongs to others. But where is the parallel?

Should you meet a bright boy, whom you knew had been in business quite a length of time, with a splendid opportunity to make money, you would not think it strange if he had a thousand dollars on hand.

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Most of our very rich men have been doing an immense business for from 20 to 50 years. Therefore Mr. Bellamy's argument does not reach the case.

You may select men among the most distinguished in their respective callings, say the Vanderbilts in railroading, the Rockefellers in the oil trade, Wanamaker in dry goods, Dolan in the woolen industry, Carnegie in the iron, and as many others like them as you please, and, as a rule, their fortunes will be found to represent a smaller profit in proportion to the amount of business transacted than does that of the average trader whose property is valued at say twenty thousand dollars.

Capital stands guard over capital and will not allow rich business men to rob the public for any great length of time.

Have you ever seen two men angling for trout and not noticed the anxious look of one when the other has drawn a fine speckled fellow from the sparkling stream? If a second is caught in the same place, the less successful angler is sure to cast his hook there also. The same is true of capitalists. Where one succeeds, another is bound to try. Money is seeking investment, and the hour that capitalists can see how they can pay the present rate of wages, and at the same time undersell or treat the public in a manner that will take business from our commercial giants, they will try it on, as the saying is, and the present leaders in trade and traffic will be obliged to change their methods or step down and out.

Millions are sometimes dishonestly won, so are smaller amounts, even pennies, for that matter. Again, some men

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blunder into wealth—boring for water, they strike oil; digging for clams, they find gold—but, as a rule, large fortunes are the result of business energy and sagacity above the average, and they are usually gained with an advantage to the people corresponding to their size.

To illustrate: Jones stands before a mountain rich with ore, but he is timid and doubtful; the opportunity looks like a good one, but he does not feel quite certain. He attacks the mountain, but not resolutely. He employs, say, ten hands, pays each \$2 per day, and realizes a profit of twenty cents on each hand. At the end of twenty years he is worth twelve thousand dollars.

You attack the same mountain at the same time, but you are resolute and daring; you see your opportunity, and doubt not. You engage a thousand hands, pay each \$2 per day, and if the mine yields as well for you as for Jones, your profit will be two hundred dollars per day. At the end of twenty years you will be worth more than a million dollars.

Now how can it be said that you have not earned your million as honestly as Jones has earned his twelve thousand? You have paid the same rate of wages. The difference in wealth simply represents the difference in courage, in enterprise, in sagacity, and in the number of hands employed. Therefore, should society take hold of your neck, as Belamy suggests, and ask you to account for having a hundred times more wealth than Jones, you can answer that you have transacted a hundred times more business, and employed a hundred times more labor, or done a hundred times more for wage-earners, which means the same.

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A very large majority of our rich men come under this head. The wealth they accumulate is not, as a rule, out of proportion to the business they transact for themselves, and create for the world, and the employment they give to labor.

Our own every-day experience and observation, if we will but stop to think, must lead us to the conviction that the rich are as honest as the poor, and that millions are as fairly gained as thousands.

When the noble founder of the New York *Tribune* passed from earth he had acquired, from first to last, and had he seen fit might have had on hand as the result of his talent and energy, more than one million dollars. He left his children above a hundred thousand. Was he dishonest? I do not believe a man lives, or has ever lived, less likely to accept a dollar not honestly earned than this disinterested friend of the poor and dauntless champion of equal rights.

Peter Cooper acquired wealth, so that after he had scattered with a liberal hand among the poor, given bountifully to numerous enterprises for the good of his own and coming generations, reared and endowed with princely munificence that grand institute known as the Cooper Union, he had more than two million dollars left. This is a fortune twenty times larger than Senator Ingalls and his vast audience thought could be honestly earned by one man. Was the great philanthropist dishonest? There is no reason to question the honesty of Socialists, yet where in all their ranks can be found one possessing more of that priceless gift than did grand old Peter Cooper?

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I will not undertake to say who has obtained his property honestly, whether he has much or little; but large and small fortunes are won by the same business methods. And certain it is that no natural or scientific reason can be given why millions are not, as a rule, as honestly earned as thousands.

CHAPTER VIII.

THE GROWTH OF SOCIALISM.

When the masses are considered in the clear light of principle—the business methods they employ, apparently without scruple, the ambition they display in pursuit of gain, and the treatment they bestow upon their fellows when their own pecuniary interests are at stake—there is no general or material difference between the average among those who are now assailed as monopolists and plutocrats and the average among the masses, except in the degree of success that has attended their financial efforts.

It has been shown that monopoly and plutocracy do not abide with the rich alone, nor with any one political party, but that they dwell equally with all parties and pervade all localities, the rural and sparsely settled school district not less than the densely populated metropolis. Also has it been shown that monopolistic and plutocratic power cannot be divided, and one portion called large and the other small, one strong and the other weak, one harmless and the

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other dangerous,—for the all-sufficient reason that one division cannot accomplish anything large without the assistance of the other.

These facts are an argument against some of the leading claims of existing political parties and factions, and they show a degree of very harmful inconsistency in many political speeches and essays, which the authors thereof have not yet discovered, but which the calmer second thought will reveal to their understanding. There needs to be cultivated a more general disposition to discountenance hasty denunciation, and to search more carefully for first principles, lest our preaching and practice clash when we are not aware, and our well-meant efforts for good become unavailing. And above all must this great question of capital and labor be lifted out of the mire of party politics into the broader field of nonpartisan debate and the purer atmosphere of disinterested judgment.

The socialistic party is the only organization which knowingly and openly declares against the private ownership of property. It is, therefore, the only organization which accumulated and accumulating wealth has to fear as a finality, and it is the only organization which proposes any form of government differing very materially from such as now exists in the United States. Therefore the question as to whether the element of Socialism is growing stronger or weaker, and what the arguments are that give it life and power, is important.

In Germany the ballots cast by the Socialist party numbered 780,000 in 1887, and 1,800,000 in 1893. That was

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a tremendous increase in the Socialist vote of Germany. In Germany, however, Socialism has been greatly persecuted. Therefore, when an opportunity is offered it acts more as a unit, and the increase in the vote cast shows approximately the growth of the Socialistic sentiment in the country.

Not so in all countries, however. Where persecution has been less severe, Socialistic elements have not formed the habit of coalescing and acting together. Neither is the sentiment as radical and ripe (except with a small faction) in most other countries as it is in Germany. But the feeling in favor of an associated effort on the part of the masses, including vast numbers in the learned professions and in the higher walks of life, to secure government interference in the interest of labor as against capital, is making as rapid headway in other countries as in Germany.

The *Morning Press* (before quoted) December 17, 1893, had an account of a debate among some of the leading clergymen of England, as follows :

“The Bishop of Rochester and Rev. Scott Holland, famous representatives of the Established Church ; Rev. Hugh Price Hughes, the leading Dissenting preacher of Great Britain since the death of Spurgeon ; and Dr. Dykes, representing the Established Presbyterian Church of Scotland, agreed in advocacy of the resolutions that “ the principle of the maintenance of a standard of decent living should be recognized as an essential condition of the settlement of labor disputes.” Fearing the resolution would be adopted, the Dean of Westminster refused to let it be put to the vote, but the expressions in its behalf were so many and so strong as to show a widespread belief in the description of it given by the

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Rochester bishop as "merely setting up the greatest of Christian principles."

There is no mention of Socialism in this account. But it shows the trend of religious opinion in England. Of course, the result contemplated by these clergymen would be expected to be reached through government interference in behalf of labor.

The favor with which the proposition for the government purchase of the coal mines was received is another straw showing which way the tide is setting, even in the conservative old commonwealth of Great Britain. But clearer yet, and more to the point, are the recent remarks of the Tribune Association in London. (See *New York Tribune*, January 7, 1894, as follows:)

"LONDON, Jan. 6.—The tremendous set of politics toward labor is again visible this week. It may equally well be called the subordination of political to social questions. Mr. Fowler's bill for the reorganization of local government throughout England is a distinct and avowed effort to put power into the hands of the laboring classes not political only or mainly, but social, economical, fiscal, and much else. The compulsory power of taking land for allotments is an example of the spirit in which the rights of property are dealt with. It is not the spirit of confiscation, for compensation must be paid at the market price, but it is the new spirit of State Socialism, not yet openly avowed as a principle, but acted on in details."

If these Englishmen who have been acting State Socialism in details, as the *Tribune* Association expresses it, were obliged to answer yes or no to the question "Are you

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Socialists?" a large majority would answer, "No," and the answer would be correct. They are not Socialists as they understand it. Indeed, most of them have not considered what relation their conduct has to Socialism; they have not studied the theory of Socialism. Nevertheless, they have come to favor a more paternal social and economic system, the present government to the contrary notwithstanding. What is this but the beginning of Socialism?

In the United States we observe the same tendency toward a more paternal government and a new social system.

I had thought of dealing at considerable length with statistics and other arguments, to show how rapidly the belief is growing in the United States that, as the Methodist Conference expressed it, "the present inequality in the ownership of property is a frightful evil," and that the government ought to somehow interfere to prevent it. But considerable has been said upon that point in the opening chapters, and I now feel that there is no necessity for an extended effort to demonstrate a proposition so palpably true. I will, therefore, quote a very few opinions, and let them suffice. A statement by Judge Brewer, of the United States Supreme Court, is to the point. (See Fourth of July oration cited in a previous chapter.) The Judge said:

"Through the land the idea is growing that the individual is nothing, and that the organization, and then the State, are everything."

This opinion is valuable, not only as coming from a man of learning and sound judgment occupying a position not affected by either capital or labor, but as the statement of

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one who is a careful observer of events and a ripe student of the times.

On page 142 of Dr. Strong's work, before quoted, I find as follows :

"As to the number of Socialists in the United States we have no exact knowledge. Their press is numerous and is increasing. They now have nineteen journals, whose combined circulation is about 80,000. These papers are wholly devoted to the propagation of Socialism, and there are many others which are more or less socialistically inclined."

On page 144 Dr. Strong says :

"At the last election (1890) in Berlin the Socialists cast 126,522 votes, over 20,000 more than all other parties. Professor Fawcett, in opening his present course of lectures at Oxford (1880), said that, if the growth of the Socialistic political vote progressed in Germany and the United States for the next fifty years as it had for the last fifty, capital can do nothing effective against Socialism."

Note the following from so conservative a divine as Dr. McArthur, of New York. See *New Nation*, December 10, 1892, as follows :

"It does not take a prophet or the son of a prophet to predict a revolution inside of the next twenty-five years which will modify the whole social fabric. Editors, professors, philanthropists, and many blatant demagogues are now crying for State Socialism—for the control by the people of the railroads, telegraphs, and the like."

The following is copied from the New York morning *Press*, July 19, 1894:

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HERBERT SPENCER SAYS WAR.

"Herbert Spencer has written the following letter to James A. Skilton, General Secretary of the World's Congress of Evolutionists:"

"DEAR MR. SKILTON: In the United States, as here and elsewhere, the movement toward dissolution of existing social forms, and reorganization on a Socialistic basis, I believe to be irresistible. We have bad times before us, and you have still more dreadful times before you—civil war, immense bloodshed, and eventually military despotism of the severest type. Yours truly,"

"HERBERT SPENCER."

I do not expect the bloody war and military despotism predicted by the great English scientist; but that there is a growing tendency toward the dissolution of existing social forms, to reorganize on a more Socialistic basis, is true beyond all question.

CHAPTER IX.

ARGUMENTS OF SOCIALISM.

If we assume that the Socialistic sentiment is growing faster than any other political theory, faster than the voting population, the question as to what the arguments of Socialism are becomes very important.

As I cast my mind over the subject with a view to answering this question, I am reminded of a certain rule of conduct adhered to by Abraham Lincoln which is very applicable to the present case.

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Into whatever debate he entered he never understated the cause or the arguments of the opposing party. The more important the question at issue, the more pains he took to state the opposite side clearly. In the practice of the legal profession it not infrequently happened that he placed the law and evidence, which had been supposed to contradict his theory of the case, before the court and jury in a stronger light against himself than even his adversaries had thought of or were capable of doing. This course was not only generous toward others, but it was a winning card for himself, for the reason that when he came to state the still stronger logic of his own side, the justice of his cause was all the more clearly seen.

If ever there was a time when all the arguments on both sides of a great question needed to be clearly stated and carefully considered, that time is now, in the present controversy between conservative capital and the rapidly growing sentiment of Socialism.

Socialism, like all other isms, good and bad, has three sets of arguments. One has to do with the fundamentals and the beauties of its own theory; another with the errors and inconsistencies of such other theories as it wishes to break down; and the third consists largely of generalities, the glorious prospects of its own future, and the awful doom awaiting those who from neglect to study or from other causes are blind to the situation.

The latter set of arguments are not necessarily fallacious, neither are they always the least effective, especially after a movement is known to be making headway.

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The *Coming Nation*, a labor paper published in Indiana, September 30, 1893, has an argument of this character, which it is well to notice briefly before taking up the more fundamental and intricate. I copy as follows:

“When any widespread dissatisfaction exists against any system that system is doomed. Years ago a few thinkers, by mental analysis, convinced themselves of the wrongs of chattel slavery. Slavery had existed from immemorial time, but that did not deter these men from denouncing it and showing its fundamental injustice. Chattel slavery is no more with us. For years a sentiment has been growing stronger and stronger each year against the system of wage slavery, which, in its finality, is worse than chattel slavery, for it has less of sympathy and care for the workers. The fact that you, my old-party brother, have not been noticing this ferment or inquired into its economics does not alter the fact that the sentiment is here and widespread—world-wide, in fact. In the antislavery agitation but comparatively few understood the situation or the forces behind it. It was this fact that plunged the country into a bloody revolution, while ignorance and prejudice of the masses on both sides became a prey to the ambition of ignorant leaders until wise and unwise were thrown into the vortex, and reason could not assume control until the fire of passion had exhausted itself in carnage. With this severe lesson fresh in the mind, how can you be so blind as to repeat the folly? Why will you not study up the economics of so important a question—one holding in its solution not only the wealth of the nation, but the lives of its citizens? If this growing sentiment is wrong, that can be easily demonstrated by convincing logic, and, having a great majority of the press, you will have no difficulty in holding the people out of it or weaning them back. But you cannot ex-

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plain to the reformers they are wrong except by reading the books they have read and pointing out the errors. Otherwise your arguments will not touch the mind where it has been influenced. You cannot combat it without reading it. If on reading it you find it is truth and justice, of course it will be to your interest to go with it. *But let me impress you with one thing that is beyond all doubt or cavil—the movement is here, and will as certainly sweep this country as the sun shines unless you do read up and show its fallacies. Assertions are not arguments, and will have no force. You must analyze and demonstrate in clean, clear, logical, truthful statements its fallacies.* Failing to do this it is not many years when your “peculiar institution” of wage slavery, with its poverty, crime, and woe, will be classed among the ‘has beens,’ and a new era, radiant with joy, peace, plenty, and love, will be ushered into existence, bringing in that for which Christ prayed, “in earth as it is in heaven.”

“Come, help us if we are right, or lead us to the right.”

While this article may be said to consist of generalities and unverified assertions, like many of the quotations in the early part of this volume, yet it represents a widespread sentiment, and the italicized words are especially worthy of thought.

The failure to discuss the fundamental theories of a rapidly growing political economy, and the ignoring of those who ask for State Socialism, except to call them cranks, mugwumps, etc., are made a telling argument among the masses against the position of capital, and the course pursued by some leading journals which popular reformers are denouncing as the subsidized, capitalistic press of the country.

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The statement in the quotation that assertions prove nothing is correct; and if the arguments now being put forth against the present régime are sound, and the philosophy of the wage system cannot be sustained by clear, truthful argument, all honest people will want to help destroy it as soon as something better can be found to take its place, whether that something be Socialism or what not.

Socialists are proud and happy in the belief that they are building upon a rock, and that their arguments are first principles.

Now let us imagine that we have a Socialist before us ready to explain to the capitalist in every-day phraseology his theory of reform, his platform of principles, and his opinion of the situation; in short, to plead his own cause as he sees fit, or as Socialists do plead their cause in their talks to the public and with their neighbors. We will have the capitalist address him as follows:

“Mr. Socialist, I wish to call your attention to a statement by Judge Brewer, of the United States Supreme Court (see Fourth of July oration before quoted). Referring to the Populists he said:

“I know that the great body of these people are moved only by a conviction of the injustice of present law and social conditions, and are striving to compel a more equal distribution of the good things of earth.

“With sympathy for the purpose which actuates them, I am convinced that their ignoring of the lessons of history is a step toward Socialism and the destruction of the liberty that the toil of centuries has achieved.”

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"You will observe, Mr. Socialist, that the distinguished Judge regards the Populists as honest, but believes they have taken a step toward Socialism, which he thinks is dangerous to liberty. What have you to say of the matter?

Socialist, answering :

"As I see it, Mr. Capitalist, the masses are heading toward Socialism, but most of them are not aware of it. They are trying to secure a *more equal distribution of the good things of earth*, as Judge Brewer has remarked, and the opinion is more or less prevalent in all parties that monopoly and plutocracy are giants blocking the pathway that leads to that glorious result.

"The platforms of other parties declare as strongly as ours against the centralization of power, resulting from large aggregations of wealth. The difference in opinion as to the best means for accomplishing the same end is the dividing line between the Socialist party and all other parties. As a rule, the Populist is nearer to the Socialist camp, so to speak, than are the adherents of the older parties; that is, he has made more progress toward the larger idea, which is to govern the world sooner or later, and I believe much sooner than most people dream,—I mean the idea of a co-operative commonwealth.

"But while the Populist has taken a long stride in the right direction, yet he is illogical in that he has not renounced the private ownership of property, which is the fundamental cause of more than 90 per cent. of all the wrongs we complain of. This the Populist will see sooner or later. The small monopoly is the beginning of the

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larger. Tolerate the infant, and full-grown men, even giants, will appear. Tolerate the private ownership of property, which means individual fortunes, and huge monopolies will flow from them, as naturally as rivers will gather force from springs and small streams.

"If you would put an end to large monopolies, you must prevent the smaller from coming into existence. We Socialists regard the old maxim that an ounce of prevention is worth a pound of cure, and we see no sense in propping a superstructure which, owing to a wrong foundation, is destined to fall sooner or later and carry the props down with it.

"As a Socialist, replying to Judge Brewer's assertion that a step toward Socialism is a step toward the destruction of liberty, I will call attention to an editorial which appeared in the *New York Times*, August 12, 1877, as follows:

"Is there deliverance? There seems to be but one remedy, and it must come—a change of ownership of the soil and a creation of a class of landowners on the one hand and of tenant farmers on the other—something similar in both cases to that which has long existed, and now exists, in the older countries of Europe. . . . Everything seems ripe for the change; half the farms in the country are ready to be sold, if buyers would only appear, and hundreds that can now be bought for less than their value of twenty or thirty years ago.

'Few farmers can hope to provide their sons with farms of their own, and there is no place for these young men in the overcrowded cities. Those farmers who are land-poor must sell and become tenants, in place of owners, of the soil. The hoarded, idle capital must be invested in these lands, etc.'"

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"Now, Mr. Capitalist, you cannot be ignorant of the fact that the sure road to the destruction of liberty is through the impoverishment of the many, so that they become dependent upon the few for the means of subsistence. You are also aware that while the farmers were being reduced to where they were ready to sell their homes for less than their value twenty years before, wealth had been accumulating in the hands of the few, who, according to the *New York Times*, were abundantly able to purchase the farmer's home. In other words, while the hope of the farmer's son to own a farm of his own was being blasted, and his father reduced to the condition of a tenant, at the mercy of a landlord, capital had grown correspondingly independent and powerful.

"When Judge Brewer shows that Socialism can exceed this twenty-years movement toward the destruction of liberty by our present economic system he may consistently charge us with despotic tendencies, but not till then.

"But, Mr. Capitalist, I have another statement from a leading New York daily, to which I ask your attention.

"It appeared in the *New York World*, January 11, 1877, as follows:

"The changes which have been wrought in this country since 1860 have all tended to equalize the conditions of life as between Europe and America, and these conditions have approached each other more nearly than Americans twenty years ago ever expected to see them do, and much more nearly than the vast majority of Americans are yet aware. The American laborer must make up his mind henceforth not to be so much better off than the European

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laborer as his father was, and that it will be harder for him than it was for his father to cease to be a laborer and become an employer of labor. A man hereafter will have more of a struggle in this country to escape from the place in which he was born."

"We Socialists have been accused of saying many unpleasant and discouraging things to the laboring people, but what Socialist has ever drawn a more disheartening picture, or prophesied a darker doom for the wealth-creators of our country, than the last-quoted journals have done, one at that time supporting the Republican, the other the Democratic, party, and neither of them supposed to be especially interested in labor?

"I question, Mr. Capitalist, whether the *Times* or the *World* would think it wise to make the same statement at the present time, though they believe it never so strongly. The social and industrial world is very much more disturbed and very much more in earnest than it was seventeen years ago, when these opinions were published.

"However, Mr. Capitalist, I have two or three statements of recent date from important sources, which I wish to submit to your further consideration.

"During the recent tariff discussion in Congress one of the distinguished leaders of the Republican party, Thomas B. Reed, February 2, 1894, said:

"Whether the universal sentiment in favor of protection as applied to every country is sound or not I do not stop to discuss. Whether it is best for the United States of America alone concerns me now, and the first thing I have to say is that after thirty years of protection, undisturbed by any menace of free trade, up

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to the very year now last past, this country was the greatest and most flourishing nation on the face of the earth."

"Mr. Wilson (the father of the Wilson bill) replied to Mr. Reed's argument as follows:

'You can't prevent the accumulation of wealth in this country, but you can take wealth from men who make it and bestow it upon others who have not earned it. In a speech on March 10, 1850, Daniel Webster said that five-sixths of the property of the North belonged to workingmen of the North. Can any Representative from the Commonwealth of Massachusetts make such a glorious boast to-day? There is a statement in the last census report of the United States that calls on every citizen to pause and ponder as to whether it is a sign of growing prosperity or a sign of growing and dangerous decadence. It appears in that report that of all the men occupying farms in this country to-day one-third of them are tenants living on farms of others. It appears that of all people occupying homes other than farms two-thirds live in rented houses. If that is a sign of general prosperity, then the protective system is entitled to the credit of it, because that it is in a large measure due to that system.'

"You will take notice, Mr. Capitalist, that Mr. Reed attributes the marvelous growth of the country in the last thirty years to a high tariff. Mr. Wilson admits the increase of wealth claimed by Mr. Reed, but infers that that wealth has lodged in the hands of a few, since the census reports show that a larger and larger percentage of the farmers of the country are becoming tenants, working land not their own, while the percentage of the whole population owning homes is growing smaller and smaller.

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“Or, to state the substance of the arguments of these gentlemen in another way, Reed says: ‘See how wonderfully the wealth of the country has been increasing under a high tariff.’ Wilson says: ‘This is true of the few, but behold how rapidly the many are becoming dependent and homeless.’

“We Socialists look upon the arguments of both of these men as failures, since neither proves that his system of tariff ever has, or ever can, secure a just distribution of the results of toil. The inequality in the ownership of property is as great in free trade as in protected countries; wealth centralizes as rapidly under a low as under a high tariff. The tariff question undoubtedly affects the business of the country at the present time. It is an important incident in the march of greater events.

“But the thought and theory that stirs philanthropy, makes our Socialistic party grow so rapidly, and shakes the foundation of old ideas regarding the natural relationship of State and people are embodied in a statement by the newly elected Master Workman of the Knights of Labor. (See *Missouri World*, January 24, as follows):

‘A republic that will deliberately squeeze the manhood out of 200,000 tramps to make a Vanderbilt, a Gould, or an Astor, and abrogate the birthrights of millions of God’s deserving children that a few may hold titles to a million homes which they cannot occupy and aid the private monopoly of natural bounties and the great agencies of distribution, is a disgrace to the name it bears and the flag it floats.

‘In this republic the wild brutes, birds, and fishes live and enjoy life without labor; yet civilized and intelligent man labors

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and starves. But worse still is the fact that one man produces much and enjoys little, and another produces little and enjoys much.'

"I am content, Mr. Capitalist, to offer no comment on this statement of the Master Workman of the Knights of Labor, further than to say that what he complains of is the necessary and logical result of the working of the economic system under which the people groan and have groaned for centuries; and the present ferment in the social and industrial world is the instinct of self-preservation becoming cultivated and intensified by education.

"These, Mr. Capitalist, are our every-day arguments clothed in every-day phraseology, and the fact that we can sustain our attacks upon the present economic system with an abundance of testimony from authorities not supposed to have the least sympathy with Socialism adds greatly to our success in proselyting. Nevertheless, I am not willing to take my leave of the subject, Mr. Capitalist, until I have offered a brief extract from our more condensed and better prepared argument on the subject of the private ownership of property. Find in the *Republic* (previously quoted), October 14, 1893, as follows:

'Property is the throne on which Mammon now sits ruling the world.

'The ideal relation of property to man is that of servant to master. As long as Mammon remains enthroned and goads his illusioned with the fear of want and the hope of idleness, property will not become the servant of humanity.

'The solid basis of Mammon's logic is that the want which is

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feared can only come through others making a profit greater or less from the labor of him who possesses the fear, and that the hope of idleness is only to be realized through making a profit from the labor of others. These two things are only too true. But examine the point around which they revolve—think while on the relation of profit to the slavery which Mammon imposes from his throne of property. If profit were removed from the problem—if you could hope for no unhealthy idleness from others' labor, and fear no want from others' profit on your labor, and the same were true of them—what becomes of Mammon's throne? Is it not demolished, and does not property, freed from Mammon's incubus, become at once the servant?

'Here, then, is the avenue of progress: Property, as well as commerce and industry, must be administered, not for profit, but in terms of brotherhood through the co-operative commonwealth.'

"We Socialists regard this position as ethical and impregnable; but we do not for this reason regard all other political issues as unimportant; for example:

"We Socialists vote more or less with other parties as a temporary expedient; but we are grounded in the faith that nothing short of government control of the forces of production and distribution can prevent the shrewder and more unscrupulous from absorbing the earnings of the many and monopolizing most of the good things of earth, which is constantly taking place, and must ever take place under a competitive system of government.

"And this, Mr. Capitalist, is all I would say for the present in defense of Socialism."

Within the last quarter of a century these arguments of the Socialists have impressed in no small degree the pulpit

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of Christendom. They have their adherents in every civilized legislative body on the globe. They have attracted and are now occupying more of the attention of men of learning, of conscientious thinkers, of earnest philanthropists, to say nothing of the shifting multitude, than any other political argument or set of arguments have done before, and I have the satisfaction of feeling that I have endeavored to state these arguments as frankly and as clearly, in the present chapter, as I hope to state my own arguments against them in the chapters that are to follow.

CHAPTER X.

THE DIVISION BETWEEN MAN AND MAN.

The following is copied from the New York *Herald*:

“NEW HAVEN, Conn., Feb 24, 1891.—Much comment has been aroused by the remarks of the Rev. Dr. W. W. McLane, pastor of the College Street Congregational Church, at the Washington birthday celebration yesterday.

‘The time will come,’ he said, ‘under a democratic form of government, when the wealth of the country will not be gathered in the hands of a few, when every man will have an honest and just portion of the goods he produces.’

“Here some of his auditors applauded and others hissed.”

‘If there is a millionaire out there hissing,’ exclaimed the speaker with great warmth, ‘let him hiss. I say this not to win applause, but because it is God’s truth. Millions of men have been ground down by kings and millionaires, but the spirit of

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honest patriotism will not stand it forever, and that spirit will progress until the sources of wealth are held by the government. Hiss if you will, but it will surely come, not by revolution, I hope, but come it will in some manner, for it must.'

However widely I may differ from Dr. McLane in opinion, I can but respect his manhood. He believes that the present system of exchange does not award to each man a just portion of the goods he produces, and I infer from his words that he has embraced the popular theory that the one great hindrance to a more equitable distribution of goods produced is the millionaire (rich man). This, being his conviction he has the courage to say so, even to an aristocratic church audience in aristocratic New Haven; and more than that, he suggests a remedy which necessarily involves the destruction of the economic methods which have resulted in the accumulation of the very money that now supports him in his pulpit. One sermon or lecture from such a man will influence the public mind more than a hundred speeches from the average politician. But all this does not make his theory sound.

He would have the sources of wealth pass under the control of government, to the end that the few may not become rich in goods which the many have produced.

To establish his position, Dr. McLane must first demonstrate that the few do become rich in the goods so produced without a corresponding benefit accruing to the many as a result; and also must he demonstrate that government control of the sources of wealth will result in a more natural and righteous exchange between man and man, and

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therefore contribute more to human progress and happiness than the present system.

This he does not undertake to do. He assumes—but then everybody once assumed that our earth was flat, but that did not make it so. Proof is wanted in this case, as in many others where assumption is allowed to stand as the basis of popular movements.

Let us try to investigate this deep and momentous subject without reference to what may or may not have been previously said or assumed regarding it. Let us go down to first principles as nearly as possible. We will begin with the universally accepted proposition that no two human beings are constituted exactly alike. It therefore follows that no two can always think exactly the same thoughts, nor are they affected exactly the same by environment. We cannot all occupy the same spot of earth at the same time, nor strike the same vein of success. Some are born in the centers of education and refinement, others amid ignorance and barbarism; some are rugged, others are frail. In short, our mental capacities are not equal, our physical strength is not equal, and our opportunities are not equal. Some must be wiser than others, some richer, and some both wiser and richer, etc.

This is in perfect accord with natural law. The difference in the results we behold are based upon the difference in constitutions. To change this basic principle, or the results that flow from it, would destroy human happiness, since we know and appreciate only through differences (contrast). If all were as tall as the tallest there would be no

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tall people ; if all were as short as the shortest there would be no short people ; if all were as wise as the wisest there would be no wise people ; if all were as happy as the happiest there would be no happy people. If there were no difference in color we would know no color ; if there were none of that which we call evil we could not appreciate the good ; in fact, without evil it would be impossible to give good a name that could be understood. Therefore, if differences were stricken out, greatness, goodness, variety, indeed all that we admire, appreciate, and love, would be gone, and a monotony would reign a million times more cruel to beings constituted as we are than any differences we have ever known in the conditions of life that now environ us.

Of course, extremes exist everywhere and in everything. Some are richer, for example, than there is any need of, and there is more severe poverty than ought to be.

However, the ambition of human life is to move onward and upward—to achieve, to conquer. It is the fiat of Infinite Wisdom that it shall be so. We now propose to show that it is also the fiat of Infinite Wisdom that, as a rule, the greater success of one shall mean the greater success of all.

To illustrate : Some are a thousand times more successful in gaining that priceless thing we call knowledge than others. But after they have gained it, even their most selfish motives compel them to distribute it.

If we would have others further our ends and gratify our desires, if we have gained new ideas which, spread

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abroad, will advance our own interests and gratify our own ambition, we must make others see and understand as we see and understand. To accomplish this our knowledge touching the matter in question must be demonstrated. When this is done, others possess the knowledge as well as ourselves. Therefore the community as a whole receive a benefit corresponding to that which we receive as individuals.

It is a self-evident proposition that, as a rule, those who become wise increase the opportunities of others to become wise also.

Here methinks I hear it said : " O, if the same beneficent law only governed the getting and using of wealth that governs the getting and using of knowledge, what a happy world this would be ! If Infinite Wisdom had so ordained that while we were accumulating wealth for ourselves we were necessarily making it easier for others to accumulate, and the more we succeed in accumulating the more the world gained in consequence, peace and contentment would reign in every land." " But," you say, " such is not the case. Those in pursuit of wealth are so selfish ! Their zeal leads to oppression, and their increasing hoards are accumulating proofs that labor is being robbed of its hard earnings."

Is there not some mistake in the popular understanding of this matter ? Is it true that those who are successful in the pursuit of wealth are selfish above all others ? And can it be truthfully said that the efforts of the successful financier are not as helpful to the financial world as are

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the efforts of the scholar to the world of science and letters?

Let us see. Many noble souls have been glad to gather and use both wealth and knowledge solely for the good of humanity. Many are doing so at the present time. But they are few when compared to those who prefer to gather and use for other purposes. As a rule one's own comfort, his own power among men, his own distinction before the world, in short, self-aggrandizement, is the common main-spring to both learning and wealth, and one is as selfishly acquired and as selfishly manipulated as the other.

Those who have the good fortune to possess learning above the average are no more willing to use it for the benefit of others without a consideration than are the possessors of material wealth willing to use their hoards for the benefit of others without some sort of remuneration.

The miner in the earth finds a nugget of gold of more value than the average earnings of a lifetime. He demands the highest market price before he is willing to allow others the full right to use it.

The inventor, or the delver in the mines of science and philosophy, may suddenly grasp a new principle, or, rather, an old principle, but which to the world is new. He calculates the value of his discovery, gets it patented or copy-righted, and then offers it in market, precisely as the gold miner offers his product.

Now, if those whose talent and good luck have enabled them to gather sufficient knowledge to give them prominence in the world of science and letters are public benefac-

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tors, whether they will or no, why should not those whose financial ability and good luck have led to distinction in the world of trade and commerce be public benefactors, whether they are charitably disposed or not?

Or, to put the question in another way, if it is ordained that in the gathering and using of knowledge we are compelled to benefit others in order to reap a benefit for ourselves, is it not reasonable that the same law should govern the getting and using of wealth?

We may rest assured that Infinite Wisdom has not endowed one with talent above another, and then left him free to use it exclusively for his own aggrandizement, and his fellow-mortals reap no benefit therefrom, whether the talent be in the direction of finance or of philosophy.

To the end that financial talent shall redound to the public good, nature has ordained that we shall buy of and sell to others, precisely as others buy of and sell to us; so that in the long run the benefits arising from the exchange are shared by all. This fundamental and almost universally overlooked truth may be illustrated as follows:

Jones is a shoe manufacturer; you are the people. Jones manufactures shoes; you (the people) purchase them of him at market price and pay the money.

Now, what will Jones do with the money? He can neither eat, drink, nor wear it. He must turn around and pay every cent back to you (the people) for the products of your labor. He must pay you the market price, mark you, as you have paid him the market price.

Now, Jones has bought of you (the people) precisely as

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much as you have bought of him (the manufacturer); and, both having made your exchanges according to prices ruling in the general market, it necessarily follows that you (the people) have gained as much as Jones (the manufacturer).

This is the result of an infinite and irrevocable law of exchange and mutual dependence which unites all interests in one and strikes a just balance between capital and labor, between capital and capital.

On one occasion a distinguished lawyer, now in the employ of one of the largest corporations in the world, opposed my theory regarding the effect of the law of exchange and mutual dependence, and in doing so he used substantially this language:

“Mr. Willey, money is only a medium of exchange, and the trade of the world is simply the people swapping goods with one another. Now, if when we trade we give value equal to that which we receive, where does the profit come in, and how does one man become so much richer than another?”

The fact that under the law of exchange we give value equal to that which we receive, does not prevent us in the least from making a profit on what we sell, nor does it hinder one from becoming richer than another.

Farmer H. takes one hundred bushels of wheat to market, and sells it for one hundred dollars (one dollar per bushel). But it cost him only ninety cents per bushel to produce it. His profit is, therefore, ten dollars on the hundred bushels. He wants to buy a horse. Farmer G.

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has one to sell; the price is one hundred dollars, but the cost of raising has been only ninety dollars. However, Farmer H. purchases the horse for one hundred dollars, which is the market price for that grade of animals. Farmer G. takes the hundred dollars which he has received for his horse and invests it in lumber.

Now, Farmer H. has practically swapped his wheat for a horse, and Farmer G. has swapped his horse for lumber, Both have paid the market price for what they have bought, and received the market price for what they have sold, and each made a gain of ten dollars.

Or, to state the same truth in another way, both men have given value equal to that which they received, and gained in wealth all the same.

But, you may say, we have shown how each of the two farmers gained ten dollars by giving and receiving equal value, but have not shown how one man can become vastly richer than another by the same method of exchange, or by continuing the same practice with all people and on all occasions.

Let us see. If we produced exactly the same quantity of goods as yourself and had exactly the same quantity to sell, and yours were exactly what we wanted and ours were exactly what you wanted, with the cost of production and expense of living the same in both cases, and we exchanged with each other exclusively, it would be impossible for one to accumulate more wealth than the other. But no such condition exists, nor will it ever exist.

Money is a medium of exchange, and trade is the people

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swapping goods, as our legal friend has stated; but no two men produce the same quantity of goods; neither do they consume the same quantity of what they do produce. Therefore no two have the same quantity to spare or to give in exchange for what the other has to sell.

It may have been the good fortune of one farmer, for example, to have hit upon soil vastly more productive than his neighbor's soil five miles away. He will therefore have a great deal more of value for the market—two horses, say, to his neighbor's one. This will give him two dollars' gain for every one his neighbor can realize. This difference invested and compounded annually for twenty-five years is liable to make the property of one worth many times that of the other at the end of the period. This is presuming that both men are equal in industry and financial talent.

Now, when we consider the difference that exists in talent and industry, as well as in locality, or luck, whichever you please to call it, it is not hard to account for the difference in the wealth of individuals upon the basis of each giving value equal to that which he receives.

Of course, we do not claim that no one man ever got rich at the expense of another. Such a thing has often taken place. In the stock exchange, for example, many risk all they have and lose it, while occasionally a large fortune is won without rendering an equivalent.

Again, through technicalities in law, through misrepresentation, in fact in a great many ways, one will get possession of property that rightfully belongs to others.

If we meet a stranger with a hundred thousand dollars,

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we do not know that he got it honestly. If we meet a stranger with only one dollar, we are not sure that it rightfully belongs to him.

But my proposition is that, whether people try to accumulate by honest methods or not, the law of exchange and mutual dependence holds them so firmly to the Infinite plan of equal reward for equal effort, that a sufficient number cannot break from it to materially affect the fortunes of the rest.

If one man becomes vastly richer than another, he must, as a rule, do vastly more business, which, of course, employs vastly more labor. No man can become very rich in business using nothing but his own hands. He must employ others; and the more hands he employs, the more he pays to labor, and the more labor has with which to purchase goods, and, of course, more trade and more general prosperity are the result.

There is not a case in a thousand in which men of great wealth have not been exceptionally beneficial to the community, whether they have been charitably disposed or not. How can it be otherwise?

When we see a rich clothier, for example, his wealth does not consist in money, but in commodities purchased from the people—houses, lands, animals, clothing, etc., etc. This has given others the opportunity to sell all these things.

The reciprocity in the case is this: When the clothier has sold a million dollars' worth of his own product to the people, he pays the million dollars to the people again for their product which is the product of labor. Thus, the

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more wealth he has gained, the more labor he has employed, and the more he has bought of the people's products. Therefore, his increasing hoard is not accumulating proof that he is robbing the community, but that he is employing the labor and increasing the trade thereof. The people are paying him the market price for his goods; he is paying them the market price for theirs. He must, therefore, increase the wealth of the people as a whole, according as he increases his own as an individual.

This is the law of exchange and mutual dependence. This law made it impossible for Vanderbilt to gain \$100,000,000 without benefiting the world at least another \$100,000,000. He was forced to buy as much of the people as they bought of him. He was compelled to increase the trade of others precisely as much as he increased his own. He could not purchase of himself; he could not sell to himself; the people were his customers and he was theirs. So far as Vanderbilt's energy, financial ability, and material success were above the average, so far was he bound to increase the business of the world above the average.

It was better for the people to have Cornelius Vanderbilt at the head of a great transportation enterprise than a thousand others of only average caliber. In fact, he accomplished the very things for himself and the country that other capitalists would have liked to accomplish, but who lacked, not the money, but the sagacity and energy.

Mr. Vanderbilt cheapened transportation greatly and brought the market much nearer to the people. Whether he did this of his own free will or through fear of compe-

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tition or from a desire to monopolize more of the carrying trade, is not material to this discussion; suffice it to say he was a powerful factor in the reduction of the cost of transportation while he lived.

Then, too, every dollar that he had in his possession from the first to the last day of his career went to buy the products of other people's labor. Everything his own hands produced, and everything his brain stimulated the hands of others to produce, was so much added to the world's wealth. As a rule he was able to retain only such share of profit as others retained who exchanged the products of their hands and brains for the products of his.

Therefore, if \$100,000,000 lodged in the hands of Vanderbilt another \$100,000,000 necessarily lodged in the hands of the people as a consequence.

Therefore the Vanderbilt fortune does not stand for goods or value wrung from the community without compensation, but it represents services rendered, with an advantage to the people fully equal to the price they paid.

CHAPTER XI.

THE DIVISION BETWEEN CAPITAL AND LABOR.

In the preceding chapter I have discussed the law of exchange and mutual dependence, more especially as it affects people in trade or those swapping goods. Of course, the law that governs in those cases reaches the wage-earner as

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well, and what has been said concerning one applies with equal force to the other. Nevertheless, I will devote a chapter to the consideration of the relation of wage-earners to wage-payers, with some mention of those with small homes or very moderate means, who do not work for wages and do not pay wages. I will begin by requoting the statement of the newly elected Master Workman of the Knights of Labor—Mr. Sovereign—as follows :

“A republic that will deliberately squeeze the manhood out of 200,000 tramps to make a Vanderbilt, a Gould, or an Astor, and abrogate the birthrights of millions of God’s deserving children, that a few may hold titles to a million homes which they cannot occupy, and aid the private monopoly of natural bounties and the great agencies of distribution, is a disgrace to the name it bears and the flag it floats. In this republic the wild brutes, birds, and fishes live and enjoy life without labor, yet civilized and intelligent man labors and starves. But worse still is the fact that one man produces much and enjoys little, and another produces little and enjoys much.”

In reading the complaints which labor makes against capital, you will observe that the monopoly of natural bounties is among the leading charges. The buying up of land, for example, is counted as one of the principal methods employed by the rich to produce little and get much.

A friend has placed in my hands a copy of a nonsectarian paper (*The Religio-Philosophical Journal*) which probably represents the feeling among that class of people (Freethinkers, they call themselves) to as great an extent as the Methodist conference, before quoted, represents the

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feeling among those who are intimately connected with the churches.

The aforesaid journal contains an article entitled "The Robbery of Labor." The author signs himself W. Whitworth, Cleveland, O. He says:

"In this limited article I can only point out a few of the plundering methods by which the laborer is robbed of his earnment. First, the infamous plundering of the laborer by means of land monopoly. Here in Cleveland was a tract of land secured for a few hundred dollars; a portion was given to a railway company for the planting of their shops thereon and lots sold to workmen at a cheap rate."

This paragraph, evidently sincere, and written with no inconsiderable ability, is, nevertheless, misleading and without value as an economic proposition. It ignores the very truths necessary to a correct understanding of the principle involved.

The author states that a portion of this land was sold to the poor workmen at a cheap rate; he omits to state the important fact, however, that these poor workmen are sharers in the rise which has taken place in the value of the land in question.

The complaint against the whole scheme appears to rest upon the idea that land ought to be common property. The writer should have stated, therefore, that the poor workmen owning a share are no less robbers than those who own a larger portion, since, according to his own theory, they have gained wealth without effort of their own.

Again, when it is alleged that a robbery has taken place

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which has greatly impoverished the people, the extent of the impoverishment ought to be clearly set forth.

For the sake of the argument let us suppose that the aforesaid land was taken by the rich without any consideration whatsoever. Now, what was the extent of the robbery?

If land is common property by natural right, of course it belongs to all the people. If the present value of the lot in question be \$1,000,000, for example, an equal division of the loss would result in less than two cents to each inhabitant of the United States. If this value has been fifty years in accumulating, the loss to each inhabitant would have been a cent once in twenty-five years, about the cost of one whiff from a cigar per annum. Of course, this does not justify the taking of land without rendering an equivalent therefor, but the transaction cannot have done much toward impoverishing the people, in any event.

The writer continues thus :

"In like manner every rod of the city has been manipulated by this infamous robber method of building up millionaires at the cost of crushed workmen. Not a farm for miles in the outskirts that is not laid off into "allotments" for the homes of laborers at from ten to twenty times the cost of purchase given by the vampire horde of land speculators. . . . The farmer and workman carry the whole grievous burden."

This is according to the popular method of computing the losses which the many are supposed to suffer through the purchasing of land by the few ; but there are certainly some mistakes in Mr. Whitworth's calculation.

It cannot be said that the workmen who received their

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land before the rise took place are being burdened ; on the contrary, the advancing price is putting wealth into their pockets. It should also be remembered that these farms which are being divided into allotments, etc., have been sold by their former owners at a greatly enhanced price, and that the value of all adjoining farms has been increased by the same transaction.

Indeed, the value of all farms is enhanced by the very process complained of by Mr. Whitworth. How, therefore, can he say that farmers are being burdened thereby? And as to the laborers, have their wages ever been reduced by the division of farms into allotments and the rearing of cities thereon?

Indeed, when and where has such a process gone on that the demand for labor has not increased and wages raised?

In the sweeping charges which the writer makes against capital, building associations come in for a share. He says :

“The Shylock greed of loan and building associations, levying 6 per cent. interest on a ten-years’ purchase, etc.”

I am not certain whether Mr. Whitworth intends to condemn building associations altogether, or whether the rate of interest they charge is the issue he makes.

At all events, he appears to have entirely overlooked the fact that the interests of building associations, like those of all other forms of associated capital, are one with the interests of the people. If these associations charge a burdensome rate of interest, they will sell less property, for the all-sufficient reason that the people will be obliged to purchase less. You cannot increase your own income by ren-

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dering would-be customers less capable of buying your goods.

Again, when Mr. Whitworth asserts that the building and loan associations charge 6 per cent., and stops there, he omits the most important element in the problem, to wit: the payer's rent is practically deducted from this 6 per cent; that is, when one has secured a home through a building association, he immediately moves in and pays no rent. As a rule the sum ordinarily paid for rent, if invested in a building association in monthly installments instead of handing it over to the landlord, will make one the owner of a home in about 144 months—twelve years. In any event, the interest cost to the purchaser—that is, the difference in the interest and the amount usually paid for rent—must be very small, certainly less than 3 per cent.

Building associations in the United States date back fifty years or more. They have been coming into existence very rapidly of late, however, so that their average age is about six years. They have secured to the American people about one million homes, sheltering a population larger than that of Ireland, and nearly as large as that of the State of New York.

They had their beginning in Philadelphia. They have built about 75,000 homes there, and saved about another 25,000 to the people by liquidating mortgages and giving the owners longer time to complete their payments.

Building associations have made the population of Philadelphia more generally home-owners than that of any other city on the globe. If this is the kind of robbery the

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“greedy Shylocks” are doing, may the hours fly and the days hasten till the whole earth is robbed in the same way!

To more perfectly illustrate the lesson Mr. Whitworth would inculcate, we copy the following from his further statement:

“There is no test so good as experience. I came to this country fifty years ago, a plain workman. During the greater portion of that period I have wrought at the bench as a skilled mechanic. Had I gone into the grab game of speculative gambling or money lending I could easily have become a millionaire long ago. I feel thankful to God that I kept on in the honest rôle of earning all I gained, because to attain millions I must inevitably have wrung it from the hard-earned production of others.”

These words sound honest and earnest, and they may thrill the great heart of labor, but truth compels us to state that they are illogical, and cannot perform any useful office for industry anywhere.

We have already demonstrated that millions are as honestly earned as smaller amounts, and that those who gain the larger fortunes usually render mankind the greater service.

Now let the laborer grapple with the following proposition and learn the lesson it teaches.

If the course which Mr. Whitworth claims to have pursued had been pursued by the people whom we now find rich among us, who would have employed the labor of the country, and what would have been the fate of the poor? People are born without homes; to get homes they must receive wages; therefore it seems to us that the greatest

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benefactors of this age are those who have had the disposition and energy to acquire wealth, which has compelled them to employ labor and pay wages, a thing which our honest friend Whitworth has not done.

We cannot say whether or not more land was donated to the railroad company mentioned by Mr. Whitworth than was necessary to induce it to locate car shops in Cleveland. Certain it is, however, that whether the donation was large or small, or whether it was made by public or private authority, it was in anticipation of reaping a greater benefit than appeared likely to accrue from any other disposition the donating power knew how to make of it.

Before our honest friend asserts that labor has been robbed in consequence of the disposition which has been made of the aforesaid land, he should show that the gain which has resulted therefrom would have employed more labor through other hands than it has employed through the hands of the railroad corporation and others who have received the profits he complains of.

This he cannot do; neither can he show that laborers have been excluded from said land. On the contrary, they have been brought there and provided with employment in largely increasing numbers; and to-day they share the benefits which unquestionably result to the whole community from the accumulation of wealth which has taken place on the land in question.

I rejoice in the discussion now going on in the ranks of labor. It is the one safe and peaceful road to the redress of grievances and the solution of the problem before it.

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Labor must learn the science of its own progress and act from a positive knowledge of its relation to the world about it, and not depend upon outside advice.

Labor has had the misfortune to have been sadly misled in several important particulars by some of its staunchest and most intelligent friends. Not many years since a President of the United States (Gen. Grant) declared that wages were always first to fall and last to rise. There was an abundance of authority for such a statement; that is, if it be proper to call hearsay evidence authority. Thousands of distinguished men (friends of labor) had believed and said the same thing.

In fact, we find this opinion expressed all through economic literature. This, of course, leads the laborer to believe that when anything bad happens to the industrial world he suffers first and suffers longest. Nevertheless, such is not the case. When depressions come, capital and labor suffer equally; but capital receives the first shock. There is never any general cutting of wages till after capital has suffered a loss of profits. Capital may not be any too good to cut wages, but when an employer has his factory filled with hands, trained to his work and accustomed to his methods, he hesitates to cut wages lest he lose his hands.

Nine-tenths of the failures in business could be prevented if employers of labor were to promptly cut wages when prices begin to fall and profits shrink. But when this takes place, employers wait, and wait on, expecting a rise in prices and an increase of profits, which are always followed by

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more or less scarcity of help when trained hands are hard to get.

Therefore, employers, as a rule (*for sheer business reasons*), continue the same rate of wages long after their profits have begun to shrink, and many of them until they are overtaken by bankruptcy.

But *wages* are the last to rise. The reason is very plain. When, after a *fall* in the price of goods, a *rise* takes place, the employer feels justified in allowing wages to remain unchanged, because through higher prices and larger profits he is recovering the loss he sustained while prices were falling. Then, too, he is more or less selfish, and does not volunteer to raise wages, but awaits a demand from the labor market, precisely as the workman awaits a demand from the employer to receive smaller wages when prices are falling.

So wages do not fall first and rise last, but fall last and rise last. This is as it should be. Labor does not get a rise as early as capital, but when the rise does come, it very justly lingers for a time after the profits of capital have begun to dwindle. How wonderfully does Nature make one hand wash the other, how unerringly she maintains a just balance between all her forces! She has not made labor a necessity and then left it at the mercy of capital—labor's own child.

But, you say, how about the rates of wages—are they just? No. In many cases the rate of wages is far from just, and so are the profits of capital, and it is plain that this world would be vastly benefited morally, and much

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grief could be assuaged, if rich and poor would practice that rule (more than golden) which enjoins the doing by others as you would have others do by you. This would have every employer of labor pay all the wages he could afford, and every employee take care to earn all the wages he received. Of course, one is as apt to neglect this duty as the other. Some employers get their help for too small an outlay, precisely as some employees receive more wages than they actually earn.

However, the law of mutual dependence makes it for the interest of all to be just. If the laborer is found not to earn his wages for any great length of time he is discharged; therefore the necessity for employment compels him as a rule to try to earn what he has agreed to receive. On the other hand, the desire for gain will as a rule move the employer to pay all the wages he can afford. To illustrate:

John Diamond is a manufacturing capitalist. He is on the alert to make money. I enter his factory. There are benches not manned, positions not occupied. I say, "Look here, Mr. Diamond, why is your factory not filled with hands?" "Well," he answers, "it's because it don't pay to fill my factory with hands. I am employing all I can afford to employ at the present rate of wages."

"Are you sure you are right about this, Mr. Diamond?" "Why, yes. You know I am anxious to make money; and if you will convince me that I can increase my profits by employing more hands I will engage them at once; I will man all my empty benches. I have never professed to be

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much of a philanthropist, yet I would like to give men employment. Some are idle; they need work; their families need the comforts it would bring; but, above all, I would like to make a profit on their labor. So when you see a vacant position in my factory you may know it is because I cannot make anything by paying the present rate of wages to fill it."

This illustrates an important principle in economics, and refutes the popular theory concerning wages and the profits of employers. Here are capitalists all over the wide world, hungry for profit, and there are more or less unoccupied positions in every country and in every industry, which proves that capital cannot afford to keep these positions filled at the present rate of wages. The never-failing test of the profits of capital is the employment of labor. To say that capital can afford, as a rule, to pay higher wages when, at the same time, men are idle, is to contradict human nature.

It is an unfortunate fact that strikes are more frequent and employers most blamed when manufacturing capital is yielding its smallest profit.

CHAPTER XII.

THE GULF BETWEEN CAPITAL AND LABOR.

Socialism flourishes because of the belief that the present régime does not, and never can, result in a fair division of

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the results of industry, and that a gulf does, and necessarily must, exist between capital and labor.

In Dr. Strong's work, pages 145-6-7, there appears the following :

"Equality is one of the dreams of Socialism. It protests against all class distinctions. The development of classes, therefore, in a republic, or the widening of the breach between them, is provocative of Socialistic agitation and growth. Among the far-reaching influence of mechanical invention is a tendency, as yet unchecked, to heighten differences of condition, to establish social classes, and erect barriers between them. In a sense classes do and must exist wherever there are resemblances and differences; but so long as the individual members of social classes easily rise or fall from one to the other by virtue of their own acts, such classes are neither unrepresentative nor unsafe. But when they become practically hereditary, differences are inherited and increased, antipathies are strengthened, the gulf between them is widened, and they harden into castes which are both unrepresentative and dangerous. Now the tendency of mechanical invention, under our present industrial system, is to separate classes more widely, and to render them hereditary.

"Before the age of machinery, master, journeymen, and apprentices worked together on familiar terms. *The apprentice looked forward to the time when he should receive a journeyman's wages, and the journeyman might reasonably hope some day to have a shop of his own.* Under this system there was little opportunity to develop class distinctions and jealousies.

"Tools were not so expensive but that the workman might own them. And if he did not like his employer he could leave, taking with him the means of earning a livelihood. If he did not easily find another employer he could somewhere set up for himself.

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This single fact of owning his tools made him independent. But the introduction of machinery changed all this. It could not be carried from place to place like a kit of tools. It was too expensive for the workman to own. Without the machinery, owned by the employer, he was helpless. If he found himself out of a job he could not set up for himself. He has lost his independence. Thus machinery has developed a dependent class.

“Moreover, machinery has rendered it vastly more difficult to rise from the condition of an employee to that of an employer, thus separating these classes more widely. Once they were only a step apart. That step could be taken by a workman’s employing another. They worked side by side until the business demanded another “hand,” and then another, until the little shop had grown into a large one. Thus gradually the workman acquired capital—a course open to every mechanic.

“But since the introduction of machinery a considerable capital is necessary to make a beginning. It is found that, other things being equal, the small factory cannot compete with the large one, hence fortunes are massed and factories become immense. *A mechanic, by some happy invention or through remarkable abilities, may yet become a capitalist and an employer, but the condition of the average operative to-day is separated from that of his employer by an almost impassable gulf.*”

On page 150 Dr. Strong further says:

“It is easier to arouse the discontent of the workman now than it once was, among other reasons because the introduction of machinery and the division of labor have made a large proportion of work monotonous and void of all interest. *Formerly in every trade there was a great variety of work. A blacksmith, for instance, was not master of his trade until he could make a*

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thousand things, from a nail to an iron fence. There was relief from monotony and scope for ingenuity and taste. But machinery is introduced, and with it important changes. It is discovered that the subdivision of labor both improves and cheapens the product. And this double advantage has stimulated the tendency in that direction until a single article that was once made by one workman now passes through perhaps three score pairs of hands, each doing a certain part of the work on every piece. Manchester workmen, complaining of the monotony of their work, said to Mr. Cook: "It is the same thing day after day, sir; it's the same little thing; one little, little thing, over and over and over."

If there is really a gulf between capital and labor, certainly all good people will be anxious to know its exact location and to bend their energies to the noble work of destroying it. And what can be more convincing to the general public than the arguments just quoted? However, in a previous chapter I have recommended that each individual shall test all arguments in the crucible of his own reason. Let us apply this principle to the propositions of Dr. Strong.

He says that before the introduction of machinery, "the apprentice looked forward to the time when he should receive a journeyman's wages." The good Doctor also states that formerly in every trade there was a variety of work; that a blacksmith, for instance, "was not master of his trade until he could make a thousand things, from a nail to an iron fence"; but that now the workman is confined to the monotony of making one thing day after day, over and over. The result of all this, according to Dr. Strong, has

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been to develop huge manufactories and to open almost an impassable gulf between capital and labor.

Without the slightest thought of reflecting upon the candor or ability of Dr. Strong, I must say that the very elements most needed to give the reader a clear understanding of the subject are not taken into account in his argument.

He admits that it has been discovered that the present system (the subdivision of labor) both improves and cheapens the product, but his accompanying comment, to wit: "The introduction of machinery and the subdivision of labor have made a large proportion of work monotonous and void of all interest," is calculated *not* to enlighten the workman, *not* to make him philosophic, but to befog him, and to over-intensify the restless spirit of the masses.

A certain kind of unrest is natural. Some one has wisely characterized unrest as divine. Make the human race contented, and progress would stop, and great discoveries and new inventions would no longer attract attention nor cheer the world with the prospect of a happier future. I believe in restlessness, but it should be considerate and philosophic.

Why not try to make the workingman feel the all-important truth that the new system of manufacture should not be regarded as more monotonous than the old, because, as a matter of fact, it is not. The custom shoemaker of the present day, for example, who makes every part of the shoe as he formerly did, is quite as restless and complains as much of his situation as the factory hand whose work is

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narrowed down to the driving of the nail, the trimming of the heel, or the making of the edge.

Again, why not state the fact that the better and cheaper product of the new system is greatly to the advantage of the workingman, since it has made it possible for him to have a thousand things that only the rich could enjoy before the introduction of machinery.

Again, why not show forth the almost incalculable advantage which the new system has over the old in that one who desires to become a mechanic does not have to give the best part of his life to the learning of a trade? He is not obliged to look through seven long, dreary years of apprenticeship to a journeyman's wages, but walks straight to the factory, as it were, and receives his wages at once, and thus at least one-third of the most active period of his life is saved to the workman—a sufficient length of time to acquire the foundation for a large fortune, if that be his aim, or to possess himself of an education which was entirely beyond the reach of the apprentice under the old system, which demanded that one should learn to do a thousand things in order to earn a mechanic's wages.

Dr. Strong makes a very unfortunate mistake when he falls into the common error "that machinery has rendered it vastly more difficult for an employee to rise to the position of an employer," and "that it is harder for the workingman to acquire capital." The latter proposition cannot be true, since wages are vastly higher and the necessities of life much cheaper. And the former statement is mathematically refuted in our chapter on corporations, in which it is shown

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to a certainty that rapidly growing associations of capital are opening the door wider and wider to small investors, and that through this avenue the people are employing one another as never before. What is this but the employee rising to the position of an employer more easily than formerly?

Let these facts be made clear as they exist, and altogether a new feeling will take possession of the masses, for it is not truer that light emanates from the sun than it is that the modern methods of manufacture described by Dr. Strong as naturally calculated to make the masses dissatisfied and unhappy, ought to have the very opposite effect, and will when rightly understood.

However, the central subject for discussion in this chapter is the gulf between capital and labor. Dr. Strong thinks that it exists and is almost impassable. The idea of a gulf between capital and labor is old, and the existence of this cruel chasm has been talked about and believed in from time immemorial; but, so far as we know, nothing has been said or written upon the subject from which one can draw any definite conclusion regarding its location, etc., except that it is where the larger portion of the human race tarry and toil and suffer, while the smaller portion go on prosperous and happy, encountering but very little hardship.

It is getting to be the popular belief that this merciless condition is to exist until government takes the matter in hand, and our present economic system is swallowed up in a co-operative commonwealth or Socialism.

If there is a gulf between capital and labor, where does

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it begin, and who has created it? Of course the popular theory is that the capitalists have created it. We never heard it said that laborers were creating any gulf between capital and labor, or that they stood in the way of anybody's success. Of course, then, the capitalists have opened the fearful chasm.

Very well, when we say that capitalists are the guilty ones, what capitalists do we mean? Remember, we are all capitalists, pursuing the same end and employing the same business methods. We differ only in the "size of our pile," as the saying is.

Now, it so happens that more than one-third of the labor of the country is employed by comparatively small capitalists, many of them *very* small. Most farmers employ labor, and the average value of farms is not above three thousand dollars. Custom shoemakers, custom tailors, tanners, plumbers, carpenters, blacksmiths, etc., are small capitalists; but, like farmers, they are numerous, and although each employs but little labor, the aggregate amounts to a great deal.

These capitalists work side by side with their help. Their hands are as horny and their clothes as ordinary as those of their employees. It will not be pretended that these people are creating a gulf between capital and labor. Nobody thinks of them as standing in the way of the better success of anybody. Then, of course, the gulf is the work of the larger capitalists.

Let us see. As a rule, the larger capitalists pay higher wages than the smaller. They sell goods at lower rates

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and they employ more help. Now, if employing more help, paying higher wages, and selling goods cheaper are opening a gulf between capital and labor and hindering the people, then, in the name of common-sense and for the sake of humanity, tell us what will help the people.

Whether a fortune is measured by hundreds or thousands, or whether it reaches into millions, is not material. Those who live under the same government buy and sell in substantially the same market, and pay and receive substantially the same price for labor and whatever else is required to make a fortune.

Therefore, if the acquiring of a million has hindered anybody, it has hindered him who has acquired half a million; a half a million has hindered a quarter of a million; a quarter of a million has hindered a hundred thousand; a hundred thousand has hindered fifty thousand; fifty thousand has hindered twenty-five thousand; twenty-five thousand has hindered ten thousand; ten thousand has hindered five thousand; five thousand has hindered one thousand; and upon the same principle one who has acquired a thousand dollars has hindered him who has acquired five hundred, and so on down to the smallest difference.

Again, when we come to wage-earners and those whom we call salaried people, the principle applies to their case with equal force. If Chauncey M. Depew's salary of fifty thousand a year hinders anybody, it hinders the man who receives twenty-five thousand; that man hinders him who receives ten thousand; that man hinders him who receives

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five thousand; that man hinders him who receives two thousand; that man hinders him who receives twelve hundred; that man hinders him who receives six hundred; and upon the same principle, the man who receives a salary of six hundred dollars a year hinders all who receive less.

Where, then, is room for a gulf between any two classes that does not exist all along the line, from the lowest paid laborer to the wealthiest capitalist?

The wage-earner receiving the smaller salary thinks his would be larger if those receiving more were out of the way or were paid less. The same is true of all classes, from the richest to the poorest, from the smallest income to the largest.

The president of a corporation, with a salary of only ten thousand a year, beholds a great gulf between himself and Depew with a salary of fifty thousand. The capitalist whose wealth amounts to only a hundred thousand dollars beholds a still wider gulf between himself and the man with a million. The man with a million looks hopelessly at the apparently intraversable distance between himself and a Rockefeller.

Therefore, it would seem that this much-talked-of gulf is a creature of the imagination. It is always just ahead, yet has no permanent abiding-place. It is between every man and the position he desires to reach.

The theory that the rich stand in the way of the better success of the poor is not sound.

Let us illustrate: On yonder height, perchance by the sea, stands a magnificent dwelling. It occupies the finest

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site in all that region of country. Of course, nobody can be blamed or praised for the site, for the reason that nature created it. One site is more beautiful than another everywhere, and all cannot occupy it at the same time. Somebody must take a back seat when it comes to beautiful building sites. However, the rich man owns the one in question, and the palatial structure that stands upon it. Of course he holds all this at the exclusion of the poor, but he holds it at the exclusion of the rich also. Remember, the rich all want that site as well as the poor; therefore, so far as any are excluded, rich and poor fare the same. However, a poor man once owned this beautiful spot and cultivated it with his own hands.

Now consider that when the poor man occupied the site where now stands the stately dwelling all the rest of the poor were excluded. The owner employed no help, so of course he was of no assistance to his wage-earning neighbors; they were left out in the cold so far as this spot of earth was concerned. But a rich man came and bought the poor man out. This did not hurt the poor man. He received pay for his improvements and whatever rise had taken place in the value of his property in consequence of settlements round about and near by. Of course the rich man had to have a costly house and costly surroundings. To accomplish this he was obliged to call for labor, and he employed more the first year in creating one building than would have been employed in ten, yea, fifty, years, had this same land been left

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in the hands of the poor man. Not only did the rich man employ more labor the first year, but he must continue to employ more. It requires constant help, and a good deal of it, to cultivate lawns, hedges, care for teams, and do the work of a rich man's household.

Turn that renowned thoroughfare in New York City known as Fifth avenue back into wheat-fields, potato patches, etc. (the condition it was in when in the hands of the comparatively poor), and ten men will cultivate it from end to end; while now, it is safe to say that ten thousand are employed there, with salaries more than a hundred per cent. higher than had been dreamed of before most of those costly dwellings were built. In short, the rich have come, not to open a gulf between capital and labor, but to employ more help and pay higher wages.

CHAPTER XIII.

IS WEALTH CONCENTRATING?

Nothing is more generally believed than that the wealth of the United States is being rapidly concentrated.

Reader, have you ever asked yourself the question, "Is it true?" Probably it has never entered your mind to doubt a proposition so universally admitted, preached, and acted upon. Great and good men say that the wealth of

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the country is concentrating and the freedom of the people is thereby endangered; everybody else seems to believe it, and you behold a colossal fortune here and a goodly number of poor people near by, and it appears perfectly plain that wealth is concentrating in the hands of a few to the woe of the many. And then follows the question: "Where and how shall we begin to remedy the evil?"

The *Commercial Advertiser*, New York, March 2, 1894, has an editorial pertinent to this point, as follows:

"'In a multitude of counselors,' said the wisest of mortal men, 'there is wisdom.' No one man or set of men knows it all.

"The *Morning Advertiser* had adopted the expedient of calling upon its readers for their views upon the most important question of the day, the Social Problem. To this subject individual thinkers have addressed themselves for ages, striking a ray of light here, stamping out a fallacy there, and eliciting an imperishable truth elsewhere. Something has been done, indeed, and the world is ripe for the next advance. The enormous success of Mr. Bellamy's book, "Looking Backward," proves that the thought of the day is centered upon the practical working out of the problem.

"Who knows but one of our own readers possesses, unsuspected even by himself or herself, the key to the problem which, once applied to human affairs, will make all things clear.

"Therefore, if you have any views, any convictions at all on this subject, no matter how commonplace they may seem to you or how radical they may appear to others, put them on paper and send them to the *Morning Advertiser*."

Undoubtedly there have been a great many responses to the generous invitation to the public to discuss the Social

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question through the columns of the *Advertiser*, and it is highly probable that a very large majority, if not all, of those respondents have proceeded with the discussion upon the theory that wealth is concentrating, and that such concentration is against the public weal. These premises being admitted, the rich man is very naturally discussed as the wicked progenitor of a great evil, since he is unquestionably the concentrating power.

In the first place, what do we understand by the word concentration as applied to wealth?

For wealth to concentrate, according to popular understanding, it must move from the possession of the many to the possession of the few, without a fair equivalent.

There are large accumulations of wealth, but if the theory I have advanced regarding the law of exchange, which I claim compels each one to give value equal to that which he receives, be sound, there has been no general accumulation of wealth in the hands of a few without an equivalent having been rendered. The reason that the working of this law is not more readily seen is largely owing to the fact that the popular gaze is so fixed on the exceptions, which are common to all rules.

The people are trading, rich and poor; goods are being exchanged for labor and labor for goods, according to the general market price, which represents the best judgment of the people at large as to the value of goods. This is evident from the fact that the people at large have established the market price and that, as a rule, they base their contracts upon it.

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If Socialism were in the ascendancy, and the government were to divide the products of labor between man and man, how could it do better than to order the exchanges made according to the best judgment of the whole community, which is now represented in the general market price of goods and of labor as well.

As we have previously stated, the world is doing its trading, exchanging goods for labor, and labor for goods, upon the theory that the general market price is the best rule to go by as to how much money shall be received in exchange for a given quantity of goods or a day's work, or how much of one kind of commodity shall be received for a stated quantity of another. I feel warranted in saying that Socialism has not, neither can it invent, a system for the distribution of the results of industry that can approach in fairness the one already in vogue. Neither can one be imagined that will stimulate honest effort to a higher degree. But here comes an unprincipled individual, or a trust, perhaps, and undertakes to raise or depress the market. They sometimes succeed for a time; but the transaction generally proves disastrous in the long run, even to the operators. It almost invariably follows that when the price of one or more kinds of goods is unnaturally inflated, they fall as far below the line of honest profit as they have been raised above, so that the promoters of schemes for controlling the market usually lose as much from one extreme of price as they gain from the other. But how seldom do these things take place when we consider them in comparison with the vast volume of trade

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that moves along unceasingly and undisturbed by such interference.

This must not be taken to mean, however, that I justify unnatural interference with prices by individuals or corporations; neither do I say that such things ought to be permitted. I simply wish to show that, on the whole, it is not a money-making business, even for those who engage in it, and that such interference does not argue against the theory that the system of exchange I am defending is the best that can be devised, any more than the gulling of lands by floods and the occasional uprooting of trees here and there by the wild wind argue against the general utility of the Infinite plan for watering the earth with rain storms. But the attention of the world is so fixed upon the unusual occurrences that the harmony of the general plan receives but little attention. Then, too, these colossal fortunes on one hand and widespread poverty on the other are constantly before the eye and in the mind. "If there has been no concentration of wealth, how can such differences come?" is the anxious, unceasing inquiry the world over.

I have already discussed this matter in a general way, but a few pointed illustrations will, I trust, make the principle more easily understood.

For example: Astor is said to have built several thousand houses. Of course, it will not be denied that the building of the first helped the community and added to the wealth of others as well as to that of Astor. If this be true, the same result has necessarily followed the building of the last house and all the intermediate ones. Why not?

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But, according to popular theory, Astor has built too many houses. He ought to have let others build more. Has Astor prevented others from building houses? And if others had built the same houses that Astor has built, would they have employed more help? Or would they have bought more material from the people than Astor has bought? If not, what would have been the advantage to the general public in having others direct those building operations instead of Astor?

But it must not be supposed that others would have built those houses if Astor had not. Others have not built less because Astor has built more. On the contrary, every additional house built by him, or built through his energy, has created a market for more of the people's labor and material.

This has necessarily increased the opportunities of others, not only to build houses, but to engage in whatsoever other enterprises they saw fit.

Astor is reputed to be the largest real-estate owner in the country, Pulitzer the richest printer. According to the popular idea both are great monopolists. Should you desire to read a rating and berating of Mr. Pulitzer by a labor publication, see *The Twentieth Century*, October 12, 1893. However, Mr. Pulitzer has lately reared the most valuable structure of its kind on the globe. It is the most costly home a newspaper ever had. It is a compliment to the business talent of its owner, and an ornament to the city above which it towers so grandly. I watched it while it was in process of erection; I heard the sound of the trowel

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and the hammer ; I was glad as, day by day, it mounted skyward, still skyward, till the gilded dome almost touched the clouds. And when it was finished I wished that its owner might build a thousand like it, since every pound of stone, every pane of glass, every foot of lumber, every brick, every nail, every drop of paint, etc., would have to be bought of labor. And then, every dollar received for rent would be used to purchase labor, or goods produced by labor, so that after Pulitzer shall have passed from earth the building he has reared will continue to administer to the wants of the human kind.

The benefits accruing to the general public from the efforts of great financiers are less understood and appreciated, owing to the fact that what they (the financiers) gain for themselves as a rule remains largely in one locality, where everybody can see it, while that gained by others as a result of the efforts of the financiers, is scattered.

Let us illustrate the principle by a reference to the two men just discussed—Pulitzer and Astor.

New York is the seat of their business. Jones has performed labor for them. The money paid him he has taken to a far-away State to use in the purchase of a home. Smith has sold them paint, glass, etc.; the brickmaker has sold them brick; the quarryman has sold them stone; the lumberman, lumber. With the profits realized from such sales, these merchants and laborers have employed other labor, erected buildings in other cities, or, perchance, built ships that now float on distant seas. In other words, whatever Pulitzer and Astor gain is piled up in New York,

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where it is created, while that which has been gained by the great number who are now and have been employed by them, and who have enjoyed their trade, has been carried in fractional parts to the east, to the west, to the north, to the south, and has become so mixed and interwoven with gains from other sources that it cannot be pointed out as having been helped into existence by the energy of Pulitzer and Astor. But it has, nevertheless; it exists as a result of their wealth which we see piled up in New York; so that their energy has not centralized wealth in the sense of taking without rendering an equivalent. On the contrary, their efforts have helped others precisely as they have helped Pulitzer and Astor, for the all-sufficient reason that they have been obliged to buy as much of others as others have bought of them. This is a beneficent law of nature, against which the selfishness of men cannot prevail.

In the absolute sense, the capitalist is as much the employee of the laborer, as the laborer is the employee of the capitalist. The laborer is employed and prospers precisely as the capitalist buys his labor; the capitalist is employed and prospers precisely as the laborer purchases his goods. Or, to state the same fact in another way, that which the capitalist pays out to the people for their labor and products is precisely that which the people pay back to him for his labor and products. One exactly balances the other, no more, no less. How, therefore, can one flourish at the expense of the other, or how can one be made to suffer without involving the other?

Infinite Wisdom has made labor a necessity, and provided

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accordingly. We can neither eat, drink, nor wear our money; we must spend it or cease to exist upon the earth. And the precious fact is that, however unwisely we spend it, labor is sure to get the benefit.

If the rich found private collections of art, as the good chaplain, before quoted, complains, it costs money, and every farthing of that money goes to labor, not to any particular class, but to every variety of labor.

The money paid for a picture is received by the artist in the first instance. He, like everybody else, being unable to eat, drink, or wear it, must lay it out for something which other laborers produce.

If the rich stock their cellars with wines and liquors, the money paid goes to the merchant, from the merchant to the brewer, from the brewer to the farmer for corn, rye, grapes, or whatever has entered into their composition, and from the farmer to his help, etc. In short, the money that stocks the rich man's wine cellar finds its way to every industry and to every toiler.

This by no means justifies one in buying that which is not for his own highest good; but if he will indulge in wine and luxurious living the money so expended is as certain to find its way to the pockets of the good and frugal through that channel as through any other.

Every additional servant employed by the rich takes a laborer from other fields, bettering the condition of all. If they build a yacht, the money paid reaches not only the yacht builder, but the lumberman, painter, nail and sail maker, etc.

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Let them build their pleasure boats and rear their palaces to the skies; let them have their rich pianos and gaudy trappings—the more numerous and costly the things they buy the better it is for the skilled laborer who must be employed to produce them.

When I was casting about for a stenographer to whom I wished to dictate the contents of this volume, I came across an intelligent gentleman of that profession, who, in the course of the conversation, asked some questions with regard to the nature of the work I had in hand. I told him it was a work in which I thought of discussing monopoly.

“Will you undertake to defend monopoly?” he asked. I answered that I would not defend anything that was wrong in monopoly.

“Why,” said he, “you will not insist that it is right for one man to have a hundred millions, while his next door neighbor is without a dollar, will you?”

This gentleman’s mind is a fair index to the popular mind regarding such matters.

Now the question, and the all-important question, in the case is this: Are the rich man’s neighbors poorer on account of his wealth? Have they had fewer opportunities because he became rich? There is not a toiler on the soil of America whose opportunities to have dollars, if you please, have not been increased by the business energy of the rich man. The men he has employed could not have been employed without him. “Now, hold on,” says one, “if the rich man had not carried on that railroad business, somebody else would.” Very well, but it would have

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called that somebody else from fields where he is now employing other labor. The truth is, every human being that comes into the world, fills a niche that no other being or beings can fill.

When one passes from earth another may step into his shoes, as the saying is, and continue the same business with, perhaps, equal success, but could the former have remained at his post the latter would have been left free to exert his energy in other directions and to employ labor in other enterprises.

It is a self-evident truth that, as a rule, whatever any one human being plans or executes, whatever he accomplishes with head or hand, is so much added to the sum total of what before existed, or to what could have existed without him.

But why prolong the argument? There is a way to settle the question as to whether our great financiers concentrate wealth or diffuse it; whether they are a hindrance to the poor or a benefit. If weeds are found in the corn-field, remove them, and the corn grows faster. Allow the weeds to grow again and the corn immediately becomes choked, and shows the effect in slower and less satisfactory growth. Now, if the rich men are weeds, if they choke and hinder the financial and moral growth of the people, the Southern States ought to be the poor man's Eden. There are very few rich men and corporations there with their cruel factories overworking women and children, as well as men, and underpaying everybody. The thing most needed in the generous and hospitable South is a larger number of rich men and more great corporations.

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The question is often asked: Why do not these rich men give their help some of the advantages resulting from their great business talent? Why do they selfishly put all they gain in their own pockets? This is a very important question, and one that stirs a deep feeling in the heart of labor. It calls many an angry expression from the lips of employees; but a principle is here involved which the popular gaze has not reached.

No laborer will ever ask the same question after he has learned the effect of what he calls the selfish pocketing of profits by great financiers.

Imagine Rockefeller and Vanderbilt, for example, calling the working people of the country together and addressing them as follows:

“Wage earners, we are employing a great many thousand hands. We are paying them as much wages as others are paying who employ a smaller number. Our wealth is increasing rapidly, and all we gain we are using to extend our business. We build a house or factory here, a depot there, a railroad somewhere else, and so on. All of which compels us to hire more and more labor. But we have concluded that we are rich enough; so from this on, we will divide our profits among our hands. Wage earners, what do you think of it?”

The hands in their employ would say, “We like it.” But all outside would say: “Now, gentlemen, please don’t do it. You are paying the market price for hands at the present time. Why should you raise their wages and make them so much better off than the rest of us? Why not

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continue them as they are and use your surplus profits to extend your business and hire more hands, and thus give the rest of us an opportunity to share the results of the talent which our common Parent has given you?"

The two men just discussed do not use all their profits to extend their own business; far from it. They are generous supporters of charitable enterprises; but to divide their accumulating surplus among their "hands" would not be wise charity, since it would concentrate the results of their business energy in the hands of their present employees, while to reinvest it would diffuse it among a much larger number. Thus we see that the continual saving and reinvesting does not necessarily centralize wealth, though it makes some men very rich.

CHAPTER XIV.

HAS WEALTH CONCENTRATED? (CONTINUED.)

Great confusion and many wrong conclusions regarding the centralization of wealth have arisen from a lack of thoroughness in the study of principles underlying the distribution of benefits arising from increasing values. The following, copied from the *Press*, before quoted, December 2, 1893, will help to illustrate our idea:

"The present site of Chicago was sold by the Indians for three cents an acre. Taking the most valuable corner lot in the business part of the city as a criterion, the value has increased 130,-

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000,000 per cent. In 1880, when there were fifty people scattered around Fort Dearborn, a quarter of an acre of land in what is known as the "heart of Chicago" could have been purchased for \$20.

"In the past sixty-three years there were only two years in which the city did not show an increase in population over the previous year. But there were thirteen years during that time when this quarter of an acre of land showed a decrease in value, according to the real estate appraisalment.

"The greatest increase per cent. recorded was in 1835, when it rose in value 400 per cent. over the value of the previous year. With our latest knowledge of real estate "booms" it is easy to picture the vision the owner must have had of the future glory of Chicago when he raised the price of his corner lot from \$200 in 1834 to \$5,000 in 1835. To-day the lot is assessed at \$1,200,000."

This fact will generally be taken to mean that such an increase in the value of land in a single city means a tremendous concentration of wealth in the hands of a few, which will necessarily work hardship to the many. But, that such is not the case, is proven by the fact already mentioned in another chapter, to wit: When the value of one lot increases, the value of the adjoining lots increase also, and so on.

When city lots increase in value, it is in consequence of a growing population and larger trade, which calls for more of the products of the soil and enhances the value of the farmers' land as well everywhere.

A great many are of the opinion that the first purchasers of land, whether corporations or individuals, reap a benefit for which they render no equivalent, and in this way wealth

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is concentrated. I refer, of course, to the rise in the value of land which it is claimed results, not so much from the energy of the first purchasers, as from the energy of those who come later.

It cannot be denied that large fortunes have been realized through sudden advances in the value of land, consequent upon rapid settlement. Those who have had the energy and courage to invest early have sometimes reaped a rich reward; but have not such men quite as often failed? How many fortunes have been sunk through investing in land in anticipation of a rise, which either did not come, or came too late to save the investor from bankruptcy and ruin. Failures among land speculators are as frequent, in proportion to the number engaged, as in any other department of trade.

Can it be shown that, as a rule, the early investors in New York, for example, have reaped a benefit not shared by the later investors? In other words, is the present value of New York city more the result of the efforts of the later than of the earlier settlers? Let us see.

Brown settled there first; then Jones came, which increased the value of Brown's property; but it increased the value of Jones's property also. Then, too, taxes and other expenses increased as the number of settlers increased. So that by the time the population of New York city had reached a million Brown and Jones had paid an enormous price for their possessions and an immense income was necessary to maintain them upon the very lots they had purchased long years before for a small sum.

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Here is involved a principle of economics, which those who complain that the private ownership of land concentrates wealth appear to have overlooked. I refer to the actual cost of land to the owners.

If we reckon the usual rate of interest and the taxes paid and other expenses consequent upon the ownership of land, we shall find that the first purchase price, and in many instances the present value of every foot of land between Central Park and the Battery, has been paid by owners over and over again.

A real estate agent lately stated that not long since he sold a piece of land in the city of New York for a gentleman who had owned it forty years, and who was very happy over the price he was receiving. The agent suggested that he compute the interest on the money invested, the taxes, and other incidentals, and see what the expense had been from the first to last. When this was done, lo and behold, the land had cost the owner almost four times what he was receiving for it. How can it be said that, as a rule, the earlier settlers have not contributed their share toward the present value of the whole city?

Take notice, if one-half of the wealth of New York city, say the half that has been accumulated by the later settlers, were to be taken away, the value of the remaining half would be greatly diminished, but no more than the value of the later accumulations would be diminished by the removal of the earlier.

Therefore, the present value of the city is no more the result of the presence of the later than of the earlier; no

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more the coming of the last man than the first. And, of course, what is true of New York city is true of all cities and all lands.

Much bad feeling has arisen regarding the ownership of land and landed corporations, owing to the supposed tendency of land to center in the hands of a few people. The popular belief is that the land of the country is falling into the hands of the rich in larger and larger quantities, and that the poor are being excluded therefrom. Such is not the case, however. Neither is it the tendency of land to concentrate in the hands of a few. In countries where the law of primogeniture and entail prevails, land, once in the hands of a few, is kept there by the force of statute law; but in the absence of that law the tendency of land in the long run is to diffuse. There has been a time when Manhattan Island, upon which the great city of New York now rests, was probably owned by less than fifty persons. It is now in the hands of many thousands.

Thirty years ago a very few owned the land upon which the city of Chicago now stands; what a great number own it at the present time! As it is with cities, so it is with larger areas. Sixty years ago a few thousand people owned the States of New York and Illinois; now their owners are counted by the hundred thousand.

The government has granted large tracts of land to railroad corporations, in consideration of their building roads through certain sections of country—perhaps too much has been granted. Nevertheless, the interest of these corporations now is to sell this land in the smallest possible quanti-

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ties to actual settlers, since the result will be a denser population; and, therefore, more business and larger gains for the railroads. A corporation has bought a large tract of land in eastern Tennessee, mainly from settlers owning all the way from ten to several hundred acres.

At first glance this looks like a concentration of land in the hands of a few. In fact, it is a concentration in the first instance, but it hardly need be stated that in less than five years that land will be diffused among a population ten times larger than owned it before the corporation took it in hand.

The government statistics show incontestably that land is diffusing. In the State of New York, from 1870 to 1880, the acreage under cultivation increased only 7.2 per cent. while the number of farms increased 11.5 per cent. In Connecticut acreage increased 3.8 per cent.; number of farms increased, 20 per cent. In Rhode Island acreage increased 2.5 per cent.; number of farms increased, 15.8 per cent. In Massachusetts, and indeed in all the older States, the land is diffusing in about the same ratio as in those mentioned.

In some of the newer States, however, there is a slight difference the other way, owing to the fact that so many immense cattle ranches have been established and reckoned as farms. But as civilization approaches and settlements draw near, it will not be profitable to hold these large tracts of land for pasturage, and they too will diffuse among the people.

If from any cause, some of those who now own large tracts of land sell at a great profit, we know that those

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adjoining are better off also. Nothing can enhance the value of large estates that will not at the same time enhance the value of the smaller ones in the same ratio. Where, then, is the concentration? In other words, how can it be shown that the larger are taking from the smaller?

Foreign syndicates have bought large tracts of land in this country, and in some instances they are leasing to a class of imported farmers, whose habits of living enable them to become dangerous competitors for our American-born farmers. I do not believe that that kind of land monopoly results in the good of all. The matter should be looked into, and our agricultural interests protected. This cannot injure the imported farmer, since whatever protection is extended to the American-born farmer, will reach the imported farmer as well.

However, the cases in question are exceptions. As a rule, landed corporations are a blessing to the people, for the great reason that their interests are one with the interests of those needing homes. They have bought large tracts of land in different parts of the country. To increase the value of this land, so as to make it yield a profit for the present owners, there must be settlers. And, in order to secure these settlers, the corporations must employ labor to make roads, to dig ditches, to build houses, etc., etc. They must also sell portions of the land here and there at low rates. They are after gain, and in the end they usually get it. Nevertheless, poor people are aided in getting homes and share the profits resulting from the increasing value of all the property.

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But, it may be asked—what about interest on money? Does not that lodge the earnings of the many in the pockets of a few? Does not interest concentrate wealth?

A very argumentative book on the subject of capital and labor was written by Edward Kellogg, revised by his daughter, and published by Lovell & Co. in 1883. On page 189 appears the following:

“In all ages and nations the rates of interest maintained have been so high as continually to concentrate the wealth in a few hands.”

On page 187 I find as follows:

“Although the rates of interest in all old countries are much lower than in new countries, yet they are sufficiently high continually to centralize the wealth and to increase more and more the number of the poor.”

On page 189 the author says:

“When the wealth of a nation becomes thus centralized the producers and distributors who are destitute of property are compelled to borrow. Etc.”

The opinion of this author regarding the effect of interest is being shared more and more every year by the populace and by writers as well. Mr. Kellogg does not advocate the abolition of interest entirely, as many do, only a reduction of the rates to one or two per cent.

I once believed in this theory, and advocated it to the best of my ability. In fact, my effort to so master the philosophy that I could present it in a way to make it irresistible was precisely what led me to the discovery of its fallacy. Let us place Mr. Kellogg's arguments under scrutiny.

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In the first place, when he assumes that those "without property are forced to borrow," he overlooks the fact that people without property could not borrow if they would. Only those with sound property security can borrow money to any considerable extent. Usually real estate security is required. You might stand in a New York city bank, for example, for a whole month, and you would not see a single poor man come to borrow money. It is safe to say that 90 per cent. of all the money borrowed is by men of large means. The borrower must be understood to possess substantial property or he will not be granted a loan of any considerable amount.

Therefore, if interest hurts the borrower, the rule will be that those are hurt who are best able to stand it.

But the question may be asked: "Do not those borrowing money to use in business add the interest to the price of whatever they sell, and in this way shift the burden from their own shoulders to the shoulders of others?" Others, of course, means labor. Right here, many think they see interest robbing labor and centralizing wealth.

If this theory be correct, that is, if those who borrow compel others to pay the interest, of course the borrowers get the use of this money without cost to themselves. Therefore, interest does not hurt the borrowers—only those who are not borrowers.

Already, we begin to see something wonderfully inconsistent in popular logic regarding this matter of shifting the burden of interest.

If one class of borrowers can shift the burden of interest,

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another can. As it is with the merchant and manufacturer, so it is with the farmer. Why, therefore, should any of these borrowers concern themselves about the rate of interest, since somebody else has to pay it?

Let us test this theory of burden shifting. Capitalists engaged in farming, mining, etc., produce what is called raw material, all of which is sold to the manufacturer. Suppose this class of capitalists to hire money: add the interest to the selling price of their raw material, and the manufacturing capitalists pay it. So far, the producers of raw material appear to have shifted the burden of interest to the shoulders of the manufacturers. But it so happens that these producers of raw material buy this same product right back again in the shape of manufactured goods. The manufacturers, of course, add the amount of their interest to the selling price of their goods and the producers of raw material pay it. Now the burden of interest appears to have come back to the producers of raw material. If this be true, then as often as the manufacturer of goods and the producer of raw material exchange products, which is once a year, to the full extent of all they have to spare, just so often the burden of interest is shifted from one to another, back and forth, back and forth.

Therefore, the burden has not shifted at all, since it does not remain with either class.

But, you may ask, "Do not all these capitalists charge this interest up to labor, and in this way compel labor to bear the burden of interest?" Let us see.

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If the wage-earner pays interest, the capitalists pay him the wages that pay that interest, which is the very money the wage-earner would otherwise use to purchase goods of the capitalist.

How, therefore, can it help capital to charge interest up to labor, since the more interest labor pays, the less goods it can buy of capital. It would be just as impossible for capitalists to benefit themselves by beating and murdering the people, as by throwing a burden upon labor. Every blow dealt injures a customer; every person killed loses them a patron.

A careful analysis of the subject will reveal the fact to the humblest understanding, that if interest were a burden added to the selling price of goods, everybody would be obliged to bear a share, since everybody is obliged to buy goods.

Men will not (barring rare exceptions) borrow money except they see an opportunity to realize more from it than they promise to pay for the use of it. Or, to state the same principle in another way, the loaner cannot, as a rule, find a market for his money at a rate of interest that will not allow the borrower to realize a profit from the use of it.

The interest of no business is more closely related to the interests of the people than that of the money loaner. No sooner does the price of commodities fall than rates of interest fall. When prices rise, interest rises. When business stagnates the people use less currency and the money flows back to the banks, where it lies

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unused, yielding the banker no profit. Money loaners have no power to strike the people a blow that will not react upon themselves.

However, at the beginning of the preceding chapter it was asked, "Has wealth concentrated?" The question is not yet answered. I have been considering the different methods and systems which are supposed to concentrate wealth. But so far none has been discovered that appears to lead to that result. The facts relied upon to establish beyond all cavil the theory that wealth has concentrated and is still concentrating are the government statistics referred to in the speech of Mr. Wilson in reply to Mr. Reed (both gentlemen quoted in the chapter entitled "Growth and Arguments of Socialism"). I will requote Mr. Wilson as follows:

"March 10, 1850, Daniel Webster said that five-sixths of the property of the North belonged to the workingmen of the North. Can any representative from the commonwealth of Massachusetts make such a glorious boast to-day?"

Mr. Wilson then referred to the census report, as you will remember, and asked that every citizen pause and ponder, as to whether it indicated a growing prosperity or a dangerous decadence, and then said:

"It appears in that report that of all the men occupying farms in this country to-day one-third of them are tenants, living on farms of others. It appears that of all the people occupying homes, other than farms, two-thirds live in rented houses."

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These statistics are quoted everywhere, by the sincerest of people as well as by the wily politician. They are made to tell fearfully against the present régime. The fact that the figures are not of partisan origin, but government statistics, gives them great convincing power. I realize their force all the more because I was once influenced by them.

Now, suppose these statistics to be correct (and there can be no doubt of it), how much do they mean in the present case?

Do I exaggerate when I say that, with the tremendous immigration to this country, the number of homeless and farmless has been increased at least two hundred per cent. beyond what it would have been without immigration?

Of what value, then, are statistics showing that a larger percentage of our people are living on rented farms and in tenement houses, etc., at the present time, than in 1850? No rational division of profits could have made it otherwise.

Poor people have come here from other countries without shelter until they have packed to overflowing the tenement houses in the lower wards of nearly every city in the Union. They have come landless, and hired farms, more than a million. They have filled our factories and manned our railroads and ships, until American workmen and wage-earners are becoming the exception instead of the rule as forty-five years ago.

Now, if reliable figures can be produced showing that

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native Americans—that is, those who wrought before the period of rapid immigration commenced—do not as generally own property and as much of it as they did in 1850, then it will be time to inquire whether it is due to concentration of wealth or to some other cause.

But this cannot be done; such figures do not exist. Therefore the statistics quoted by Mr. Wilson have not the slightest meaning in reference to the concentration of wealth. They indicate nothing, except the effect of immigration. And I have investigated the subject sufficiently to feel assured, that when the searchlight of public scrutiny is turned full upon the proposition under discussion, it will be found that if a reasonable allowance is made for the influx of poor foreigners, it will turn out that our people are more generally property owners than they were forty-five years ago, when the great Massachusetts Senator made his glorious boast. How can it be otherwise, when the average rate of wages paid to the individual laborer will purchase nearly, and in most cases a hundred per cent. more property than it would at that time?

CHAPTER XV.

THE BLAMED AND THE PITIED.

I find the following in the *New York Press* (before quoted), June 28, 1894:

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"ALBANY, June 27.—"The anarchy of capital is above and beyond the law, and it seems to be the tendency of courts and legislatures to cater to the power of wealth and to the detriment of the wealth-maker, the workingman. The uncertainty of court decisions has always been to the detriment of the people. We do not want to see the laboring man galled to desperation, leaving the paths of law and taking justice in his own hands. But it will come to that. We don't want to have it come to that pass that men will have to go about protected by a bodyguard. We are for evolution rather than revolution, but if the first cannot come the second will. We are not conspirators. We are law-abiding citizens. We do not want to strike, but he who would not strike, when the bread and butter of his family are at stake, is not a man, but a coward."

"Thus spoke Samuel Gompers, President of the American Federation of Labor, to-night before the joint committees on prisons and industries of the Constitutional Convention. It was a speech that bordered on socialism and anarchism."

The *Evening Post*, June 27, 1894, had the following:

"As the world now stands, we hold it to be the solemn duty of all writers, preachers; professors, who are engaged in the work of reform, to refrain from denunciations of the existing society and social arrangements. Reform is possible without this, by simply acting on the lines of human nature. The common practice among Christian and other Socialists and utopians of abusing nearly everybody who succeeds in life as an enemy of the human race, and the existing constitution of society as an engine of fraud and oppression, has undoubtedly done much to produce the "militant Anarchist," and give a sort of moral justification to his attacks on life and property."

The *Morning Advertiser* quoted the foregoing paragraph from the *Post* and then commented as follows:

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"This is nothing less than an appeal to all varieties of snarling and hare-brained economic fault-finders, Mugwumps included, to become sane and rational."

In the same article the *Advertiser* quoted President Cleveland as follows:

"But the communism of combined wealth and capital, the outgrowth of overweening cupidity and selfishness, which insidiously undermines the justice and integrity of free institutions, is not less dangerous than the communism of oppressed poverty and toil, which, exasperated by injustice and discontent, attacks with wild disorder the citadel of rule."

The *Advertiser* followed this statement of President Cleveland's with these comments:

"This is not the language of Herr Most, or Justus Schwab, or Waite of Colorado, or even of that piebald political freak, Tom Johnson of Ohio. It is an extract from a message sent to Congress in December, 1888, by Grover Cleveland, then, as now, President of the United States. Does not the *Post* feel inclined to smile at the feebleness of its proposed remedy? Has any demagogue among us done more to widen the gulf between the rich and the poor than its friend in the White House?"

"If we are hard upon an era of anarchy and bloodshed, Grover Cleveland cannot skulk out of his share of responsibility in bringing it about. Nor will the people permit him to do so."

I do not think that, as a rule, people are inclined to blame where it is not deserved, but one's faith in the wisdom of his own course often makes him a little hasty in his conclusions regarding the course of others.

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Suppose one were to reply to the *Advertiser*, as they might, with quotations just as strong from prominent Republicans as it has quoted from Democratic sources. Quote, say, the celebrated remark of Garfield, substantially as follows:

"The barons of the middle ages were not more powerful and tyrannical than the rich men and corporations of the United States at the present time."

Or the statement of Judge David Davis of Illinois, so often quoted, that he looked forward with anxiety to the coming struggle between the people and overgrown monopolies. President Lincoln declared that had it not been for labor capital would not have existed, "therefore labor deserved much the higher consideration."

I have referred to these statements near the close of my essay for the purpose of bringing before the reader's mind again, and as vividly as possible, the important fact previously set forth, to wit: That the complaint against existing conditions was confined to neither party, nor creed, nor demagogue, my object being to show the magnitude and seriousness of the question we have in hand, which is apparent from the character of many of those who have done and are now doing so much to set the people thinking upon the capital and labor question. The day is one of tumult and controversy, and the need of the hour is that capital and labor shall come together and each have a fair hearing at the judgment seat of the other. Both have grievances that can be settled only by arbitration, and the arbitrating committees must always be those who are aggrieved. Outsiders cannot arbitrate for capital

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and labor, for the all-sufficient reason that everybody is either a laborer or a capitalist (and ninety-five one-hundredths of our people are both) and every dispute involves a principle that interests the whole. This means that the community at large, the capitalist and the laborer, must study economics, each in his own mind, as they exist now and here. The one way out of the confusion and contradiction in which the world is now wandering is for people to stop and think.

No general and well-directed effort has been made to institute a sober discussion of the relations of capital and labor with a view to bringing the question home to every mind. What have I to do with this matter, and how far is my present opinion the result of my own disinterested inquiry, and how far is it the result of hearsay evidence, which may or may not have a scientific basis?

But, you say, we busy and comparatively uneducated people cannot solve the mighty social and political problems that now confront the world. They puzzle even the scholar, the statesman, and the philosopher.

It is true that scholars, statesmen, and philosophers differ as widely as the masses, and the leaders of labor are disputing among themselves, and so are the leaders of capital. What is left for you and for me, then, but to make diligent and careful research, and follow our own reason? If this course does not enable us to solve the whole problem, it will certainly lead to more light; it will help us to settle upon some things as true or false which we are now in doubt about.

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The great and good Lincoln thought that labor deserved more consideration than capital, and the world is with him. But suppose the distinguished martyr were upon the earth in these troublous times, and that he had authority to send you forth to pour oil upon the troubled waters, and he should tell you to go and counsel with capital and labor and use your best efforts to have them come together and effect an amicable settlement of their differences, but that you should always bear in mind that labor deserves much the higher consideration. Now, it occurs to you that in your journeyings you may be asked why it is that labor deserves a higher consideration than capital, and you put the question to Mr. Lincoln: "Why does labor deserve a higher consideration than capital?"

He answers that the reason is fundamental. That is, labor is the father of capital. In other words, capital owes its existence to labor. Therefore, labor deserves the higher consideration.

This may satisfy you for the moment, but if you take time to analyze the proposition, you will discover that if labor deserves the higher consideration because it produced capital, then the father deserves a higher consideration than the son, the caterpillar than the butterfly, the cloud than the rain, since the latter could not have existed if the former had not first existed.

By this time you will begin to conclude that priority of existence, or the fact of one being the producer, and the other the thing produced, has very little to do with the consideration that belongs to either. However, the belief

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that labor deserves a higher consideration than capital, is old, widespread, and deep-rooted, and nothing short of absolute proof to the contrary can change that belief. Very well, try the question in the light of your own experience.

You worked and earned fifty dollars ; therefore, your labor created fifty dollars of capital. You then paid the fifty dollars out for labor ; that is, you employed fifty dollars' worth of labor that would not have been employed had you kept your fifty dollars in pocket. Why, then, is it not as correct to say that capital creates labor, as it is to say that labor creates capital, since the labor would not have been employed without the use of the fifty dollars or its equivalent in some other kind of capital ?

The principle here involved is illustrated in what is called the game of "teetering," such as most of us enjoyed in our boyhood. A board or plank is placed across the fence, and a boy gets upon either end. One presses his feet upon the ground, and sends himself into the air ; then the other does the same, and the result is a pleasant motion, and an enjoyable season for both. But a dispute arises as to which deserves the most praise for all this. One boy says : "I deserve the most praise for the reason that I kicked the ground first and set the whole thing in motion."

"How is that," says the other boy. "If you kicked the ground first at one movement, I kicked it first the next, and during the hour we teetered, I set the thing in motion as many times as you did, and, really, I do not see that either of us deserves any very great praise, since both worked for

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our own happiness, but owing to a natural law, which we did not create, each was obliged to give the other a bound upward in order to get one for himself."

This illustrates the relationship of capital and labor. One cannot teeter unless the other teeters at the same time, and not one whit more of consideration belongs to one than belongs to the other.

But, you say, the laborer is weak, the capitalist is strong, and to help the weak is our first duty.

Very well, I am discussing capital and labor as economic principles; and I would not knowingly say that which would tend to lessen public sympathy for the poor. I commend a statement by Abraham Hewitt as appropriate to the present time and condition. In the *New York Herald*, September 24, 1893, Mr. Hewitt is reported as follows:

"Now as to these very rich men, and as to this very poor class, this wretchedly poor stratum, is there not a duty, is there nothing indicated by such a picture as I have suggested of this fringe at the top of the social sphere — this fringe of social wealth and this stratum of poverty, of want, of utter helplessness at the bottom?

"Yes, it is an ethical question; it is a moral question; it is a question of conscience; it is a question of religion. These very rich men have duties. This poor and hopeless seething mass at the bottom have rights, and the rich man who is not busy thinking how he may mitigate the sufferings of that mass at the bottom and how he may lift it, is unworthy of possession of the fortune which has been put in his hands whether by accident or industry."

This sentiment is just, and will find an answering chord

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in the bosom of the thoughtful and humane. It is a noble appeal from one of New York's richest men, in behalf of the suffering poor. But it is worth our while to see to it that we make no mistake as to who the greatest sufferers are; for if we err in this, we are liable to overlook important duties and to be betrayed into a narrowness of view that will greatly interfere with our usefulness.

O, well, you say, what is the use to talk about that? Of course the greatest sufferers are those who work for insufficient wages and those who are out of employment.

I frankly admit that there are a great many sufferers among such as these, but are they as numerous as is generally believed? and are their sufferings more severe than those of any other class of our people?

The following, clipped from the *Morning Press*, Dec. 23, 1893, is to the point:

"CHICAGO, Dec. 22.—Only about 450 out of 2,000 "hungry" men, who have been eating free soup at the Lake Side Kitchen for the last week, accepted the invitation given by the Central Relief Association yesterday to work on the streets long enough each day to pay for their subsistence. All the others sneaked away as soon as their soup-bowls were empty. When they returned last evening without tickets from the foreman of the street gang they were invited to seek their living elsewhere."

One looking over that crowd of the two thousand people eating their soup at only one dispensing station, would have said: What a vast number of hungry people there must be in all this great city. But when the test was applied, however, it turned out that more than three-fourths of these

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people had other resources. At any rate, their hunger was not so intense, but that they refused to earn food by working on the streets. Who doubts but that the same test applied to New York and other cities would have revealed about the same state of facts.

I learn through the Rev. J. W. Wilds, pastor of the Seventh Presbyterian Church, corner of Ridge and Broome streets in New York, where the population is very dense, and where there is about as much poverty as anywhere in the city, that the number of the really destitute is much less than the popular estimate. Our informant is very active in charitable work and knows whereof he affirms. He spoke of the discouraging effect, upon charitably disposed people, of the numberless cases where investigation had shown that the help asked for was not needed.

However, there is much suffering in such localities that ought not be allowed to exist. There are ignorance and filth there that should not be allowed to continue. It is not bred in our country; it was imported. Not one in fifty of the destitute, or supposed destitute, upon whom the popular gaze is so fixed, were born in this country, and very rarely is one found who can speak English sufficiently well to be easily understood by one who has not lived among such people, or been in the habit of dealing with them.

Nevertheless, those people are here, and when they need help it should be given none the less freely because they were not born in the United States. And I here take occasion to say that I respect neither the culture nor the humanity of people who do not feel the force of this truth.

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I regard him as undeveloped, as not having grown to the stature of true manhood, whose sympathies cannot cross the threshold of any home, or fly beyond any sea, at the call of human suffering. And I am glad to be able to say, without fear of successful contradiction, that a prouder record was never made by any class of people than our wealthy citizens have made, and are making, by their generous conduct toward the poor foreigners now living in American cities. Free lectures, free night schools, free kindergartens, free dispensaries are being planted, and rapidly, too, in the poorer districts. Indeed, these institutions are being established as fast as the ignorant populace can be induced to patronize them. Most of these are supported by the donations of the rich. Indeed, I heard Dr. Coit, the founder of the "Neighborhood Guilds" in New York, say in a public speech, that he had never asked in vain for means to carry on his work of educating and bettering the condition of the poor in the great metropolis, but that he had always found her wealthy citizens willing to donate generously whenever and wherever it appeared plain that substantial good would result.

What I have said with reference to foreigners, and concerning the unprincipled, who apply for aid when they have other resources, has not been to belittle the cause of the *worthy* poor among them, but I have taken this course that I might the more surely turn the reader's attention to another class of sufferers who are rarely noticed in the popular discussions of the capital and labor

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question. I refer to capitalists who employ labor, business men who have started in the world with no better opportunities than those I have just discussed, but who, through self-denial, economy and diligence, have come to cut a figure in business circles, and then been reduced through losses and other misfortunes to poverty and humiliation. The following, from the *Morning Press*, January 14, 1894, is to the point:

"In periods of great financial stringency the number of suicides always increases," said Dr. Tracy, the registrar of vital statistics of the Board of Health. "The details of the last quarter of 1893 have not been tabulated yet and will not be for several weeks, but I think they will show that self-murder has increased until a record has been made which was never equaled in New York before.

This increase of suicides comes from the better class of people almost entirely. That is, from among those who are supposed to be pretty well situated in life, such as business men prominent in large concerns. Here is what a subordinate in the Health Department said on that point:

"You will find if you read the last month's newspaper accounts of suicides that the greater portion of this winter's suicides does not come from the ranks of the desperately poor. In hard times it is the proud, self-respecting man, who would scorn to fail if he were in business, or accept charity if he has been an employee, that suffers in secret till he can bear it no longer and then picks up his pistol and blows out his brains. There never has been so many of these cases as in the past few months."

I can add nothing to this statement that will increase its convincing power. It demonstrates with the certitude of

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mathematics that in hard times the keenest of suffering is not always where the public looks oftenest and pities most.

The moral I would inculcate is not that the employee be less cared for, but that it be not forgotten that the interests of the employer and the employee are one, and that when we find the wage-earners in trouble it is often because the wage-payers are in sorrow. Let us be just to all, and take good care lest we cast blame where it does not belong.

CHAPTER XVI.

THE BLAMED AND THE PITIED (CONTINUED).

The result of thoughtlessly and innocently casting blame where it does not belong, or, perhaps, I had better say, failing to include all the blameworthy, is most disastrous to the cause of good feeling and stable government.

Very little is being written upon the social and economic problem that does not either directly or indirectly, or by inference, cast most of the blame upon the rich for whatever is hard in the conditions of life.

The *Labor Leader*, January 6, 1892, copied from *Harper's Weekly* the following:

IN THE TENEMENTS.

"Roughly speaking, there are 10,000 tenement houses in New York City, and of these about 500 are very bad, and should be and must be pulled down. One of the troubles with tenement-

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house property is, it is good property for the landlord. It yields immense returns, and the landlord who is content to take 4 per cent. for his money instead of 12, and by so doing give a chance to his poorer brother to live as well as exist, while he is present with us, is still rare. Some readers of *Harper's* may be startled to know that even on poor streets east of the Bowery floor space is worth double what it is in such apartments as the "Dalhousie" overlooking the Park, and if, instead of measuring the floors, you took the cubic contents of the rooms in these quarters, and in such splendid flats as this to which I have referred, a cubic foot of space is worth in these hovels nearly three times what it is in those overlooking the Park.

"How can the poor head of a family, an unskilled laborer, or, for that matter, even the poorly paid skilled laborer, whose wages do not average the year round more than eight to twelve dollars a week, how can he afford to pay for space enough in which to bring up his children in necessary decency?

"One thing seems certain, if the children of the city are to be saved from vice, their environment must be improved."

This contribution to *Harper's Weekly* is from the pen of Dr. Rainsford, one of the deservedly popular preachers of New York, a fair minded and capable gentleman.

I believe in publishing far and wide everything that is calculated to let all humanity know how each part is situated, and how the whole is affected by each part. But, in my judgment, this article by Dr. Rainsford, if not too strong against the landlord, fails to state the other side of the question as fully as it ought.

The first proposition, briefly stated, is this: Tenement houses yield immense returns, and landlords ought to be

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content to receive 4 per cent. on their investment instead of 12.

The readers of *Harper's Weekly*, and the readers of the *Labor Leader*, will multiply this statement a thousand times, and it will intensify the impression already widespread, that landlords are receiving about 12 per cent. net on money invested in tenement-house property; while the actual truth is, when water rents, taxes, vacant rooms and repairs are taken into account, the profit accruing to the landlord does not reach an average of 6 per cent.

Think a moment. How long would it require capital to cover the continent with tenement houses, could they realize a profit of 12 per cent. on their investment? It is hardly necessary to repeat what has been before stated in substance, to wit, that the very avarice of capital will not permit investment in any one direction to yield a profit larger than ordinary for any great length of time. Would intelligent bankers, for example, be found loaning their money for from 2 to 6 per cent. as they are doing, if they could realize 12 per cent. by investing in tenement-house property?

The gist of the second proposition in Dr. Rainsford's article is that the poorer people east of the Bowery are obliged to pay very much more per foot for room in those uncomfortable houses than is charged in the splendid flats overlooking the Park. This is true, but what of it? Does it follow that the rich are to blame as will naturally be inferred from the writer's statement? Not at all; the smaller but very comfortable flats in the vicinity of the Park, and

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there are many of them (three and four rooms), are let at a lower rate than those east of the Bowery. Why don't the Bowery people move up there?

Again, all around those tenement houses east of the Bowery, and indeed the first story of many if not most of them, is occupied for business purposes by men who cannot be counted poor; some of them are rich. They, too, have to pay a higher price per square foot for room than those who occupy business houses near the Park. Therefore, rich and poor stand upon the same footing in this matter of higher rent east of the Bowery, and lower rent in the vicinity of the Park.

A higher price is charged for room near the Bowery, because the location is nearer the business center. But, mark you, all this talk about discriminating against the helpless poor east of the Bowery and through that part of the city is not without some reason. There is discrimination in those localities, and sweatshops are there also. That is, places where people are forced to work for wages cruelly low and pay rents enormously high. Most of it comes in this way:

Poor foreigners who are accustomed to work on clothing, for example, and who cannot speak English, are met on their arrival in this country by better informed foreigners, and are engaged by them at wages far below the average rate usually paid for such work in the United States. These employers hire tenements and sub-let them to their more ignorant brothers at enormous prices, sometimes crowding a large family into a single room. The

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newcomer cannot speak English, therefore he cannot go out among Americans to look for work, so there he stays and sweats. I heard Mr. Cohn, a Socialist editor in New York, relate these facts in a public speech. Seth Low, the philanthropist and distinguished President of Columbia College, was present at the time and made some remarks, declaring his willingness to do all in his power to remedy the evil. Mr. Low is rich.

I will state the next proposition in Dr. Rainsford's own language, as follows:

"One thing seems certain; if the children of the city are to be saved from vice, their environment must be improved."

Every conscientious well-wisher of the human kind will agree with Dr. Rainsford that the surroundings of the poor tenants of New York, and, indeed, everywhere for that matter, ought to be improved. But why not state the fact that they *are* being improved, and why not let the world know *who* are most active and powerful in making the improvements? Who but the rich furnished the means to carry out Felix Adler's plan for improving tenement houses?

The Constitution Club of New York was brought into existence by rich men; the Thurbers and other millionaires were among its founders. This club has taken great pains to send physicians and others through the tenement houses of New York for the purpose of ascertaining the real condition of the inmates, etc. Other institutions, mainly under the control of the rich, have done the same. The facts have been laid before the representatives of the

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people, and legislation asked for. The result is that the building of tenement houses not well lighted, not well ventilated, and not provided with improved modern sanitary arrangements, is forbidden by statute law.

However, the one error in Dr. Rainsford's article capable of more mischief than all the rest is a very common one. It is entertained not more generally by the ignorant than by people who, like Dr. Rainsford, are exceptionally intelligent and well educated. The error to which I refer is stated in the following words :

"One of the troubles with tenement-house property is it is good property for the landlord."

This statement involves the popular error which is at the bottom of much of the present strife between capital and labor, to wit: that large profits can come to the world of capital without bringing corresponding benefits to the world of labor. If Dr. Rainsford had used the word *blessing* instead of *trouble*, that is, if, instead of saying "the *trouble* is that tenement-house property is good property for landlords," he had said "the *blessing* is that tenement-house property is good property for landlords," he would have stated a grand economic principle.

To illustrate: An association owning land in the neighborhood of 116th street, New York City, voluntarily built an elevator for the elevated railroad at that station. This land is situated in one of the finest portions of the great metropolis, near Morningside Park, Central Park, and Riverside Park.

The land association believed that an elevator at 116th

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street would be an inducement for capitalists to build costly dwellings and reside there. But, owing to the fact that tenement-house property is profitable for the landlord, capital has covered this land, and hundreds of acres of other land in that locality, with beautifully finished flats of all sizes, into which tens of thousands of the poor and those of moderate means have moved.

In short, because tenement house property is good property for the landlord, the poor people are coming to rejoice in better homes and finer locations.

I do not say that the wages received by the people referred to by Dr. Rainsford are as high as I wish they were; neither do I feel that these people can afford to hire all the room they ought to have in which to rear their families; but the encouraging fact ought to be stated in the same connection, that the wages mentioned by Dr. Rainsford are from 50 to 100 per cent. higher, and will purchase at least that much more of the necessities of life, and procure that much more room for family purposes than they would fifty or even thirty years ago. This shows a progress which no other period of history of equal length can duplicate; and all this has taken place while large fortunes have been accumulating.

But, you will say, the fact remains that the situation of these people is still far from satisfactory. This is a truth which ought to be stated and discussed everywhere, and the blame made to rest where it belongs.

The following figures, copied from a kindergarten textbook, which claims to have taken them from the Census

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Report of 1880, are of great importance to the subject of poverty and destitution :

"Cost of liquor,	\$900,000,000
Grist-mill products,	505,000,000
School property,	211,000,000
Men's clothing,	209,000,000
Woolen goods,	160,000,000
Expense of public schools,	79,000,000
Agricultural implements,	68,000,000
Bakery products,	65,000,000
Confectionery,	25,000,000
Toys,	1,000,000"

Dr. Strong, before quoted, has placed the cost of liquor consumed in the United States in 1890 at over a billion dollars. That the rich use much more of this commodity than they really need, there can be no question; but if they were to drink all they could, and, I had almost said, use it for bathing purposes as freely as they now use water, they could not appropriate one-tenth part of the liquor that is consumed in the United States. It is safe to say that at least \$800,000,000 is annually spent by the poor people for intoxicating drink, say \$700,000,000 more than can possibly be good for them. This is more than double what they spend for clothing, or for schools, or for bread, and much more than they spend for rent.

This money, saved and put at interest at 6 per cent. for twenty years, would purchase every farm in the United States. It would build houses sufficient to shelter all the people of the country, independent of the rich landlords

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who are now accused of oppression. It would purchase all the large factories in the United States. In short, it would drive destitution from the land.

Now, if the rich do not do as much for the poor as they *ought*, do the poor do as much for themselves as they *might*?

The Rev. Thomas Dixon, before quoted, complained that the rich were airing their poodle dogs and amusing themselves on Fifth avenue, while the people were unemployed and hungry at the other end of the city. This was true. But why not mention another fact just as important, to wit: The poor were airing their dogs at the same time (they are quite as likely to keep dogs as the rich) and the theaters in the Bowery and on Third avenue were filled to overflowing with laboring people, while their brothers were unemployed and hungry all about them.

Not long since I was standing on a street corner in Orange, N. J. Near me were gathered a number of unemployed men, and their look was downcast. A coach passed by filled with laboring men and women. The songs they were singing told that they were happy; indeed, some of them were hilarious. They had been to the Orange Mountains for an outing. They needed it, God bless them! But they heeded not those on the street corner, who lacked the money to defray the expense of such a trip.

It is not an uncommon thing to see the rich on their way to spend their dollars for that which can do them only harm, instead of using it to help the needy; but along the same thoroughfare travels the poor man to spend his dimes

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in the same selfish manner, though his brother hunger for bread. Whoever will give this subject the attention it deserves will discover that whatever blame there is for the hard conditions that environ human life, attaches as much to the poor as it does to the rich, to the laborer as much as to the capitalist.

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PART II.

CHAPTER I.

CHILD-LABOR AND HOME-OWNERS.

Since the foregoing chapters were written my attention has been called to a particular portion of Dr. Strong's treatise (before quoted) as containing irrefragable statistical arguments against the theory promulgated in this work regarding the condition and prospects of the masses under the existing economic régime. The proposition by Dr. Strong appears on page 147 of his work as follows :

"In Massachusetts, where statistics of labor are the most elaborate published, the average workingman is unable to support the average workingman's family. In 1883 the average expenses of workingmen's families in that State were \$754.42, while the earnings of workmen who were heads of families averaged \$558.68. This means that the average workingman had to call on his wife and children to assist in earning their support. We accordingly find that in the manufactures and mechanical industries of the State in 1883 there were engaged 28,714 children under sixteen years of age. Of the average workingman's family 32.44 per cent. of the support fell upon the children and mother. I am not aware that the condition of workingmen is at all exceptional in Massachusetts."

My attention has also been called to this further proposition, same work, page 153 :

"We have already seen that the average workingman in Massa-

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chusetts and Illinois is unable to support his family. At that rate how long will it take him to become the owner of a home? Of males engaged in the industries of Massachusetts in 1875, only one in one hundred owned a house. When a workingman is unable to earn a home, or to lay by something for old age, when sickness or the closing of factories for a few weeks mean debt, is it strange that he becomes discontented?"

These propositions differ from those previously quoted from Dr. Strong and others holding substantially the same views on the capital and labor question only in that they refer specifically to the employment of women and children in factories as indicating a deplorable and discouraging condition of the masses in Massachusetts and throughout the country.

Dr. Strong's inferences are drawn from figures which appear to show that 32.44 per cent. of the support of workmen's families is furnished by members other than the male head, and that 28,000 children under sixteen years of age are employed in the manufactures and mechanical industries of Massachusetts, and also that only one in one hundred of the males in her industries owns a house.

Twenty-eight thousand are a great many children to be employed in the factories and mechanical industries of a single State at so tender an age.

Take notice, however, on pages 180-181 of his work Dr. Strong says:

"A census of Massachusetts, taken in 1885, showed that in 65 towns and cities of the State 61.1 per cent. of the population was foreign by birth or parentage."

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This is an important element in the problem of child-labor. Most of the manufacturing is carried on in towns and cities where the foreign element predominates, and it is safe to assume that of the 28,000 children under 16 years of age employed in the factories and mechanical industries of Massachusetts in 1883, at least 90 per cent. were colored or of foreign birth or parentage; and the same is undoubtedly true in the factories throughout the United States.

It is not to the discredit of these colored people and foreigners that they work in factories. Great numbers of the noble sons and daughters of New England had worked there before the present occupants came, and they worked more hours for less pay. By this it is not intended to deny the fact that many children are employed in factories and in the mechanical industries of Massachusetts and other States who ought to be in school. Parents are too often forgetful of their duty to children in this respect, and manufacturers are not spotless above other people. Then, too, many families are in a measure dependent upon the efforts of their children for support, not only in the manufacturing and mechanical industries, but in all industries. This is the case now; it always has been the case; it is not necessarily due to low wages however. The too large increase in the membership of families through the birth of children, often causes an abnormal increase in living expenses, which in many cases becomes more than the male head can meet, and then other members of the family are called upon for assistance.

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Just how often this proves to be against the interest of the children so born, it is not easy to determine. Certain it is, however, that Franklin, Webster, Greeley, Lincoln, and indeed thousands whose names bloom in history and who have stamped their thought upon the age in which they lived, were early thrown upon the world, not only to support themselves, but were compelled to contribute to the support of parents and younger brothers and sisters. And it may be added, that scarcely a man of such experience has been known who did not in his mature years, rejoice that poverty had been the lot of his boyhood, and that his daily bread had been earned by hard work, born of necessity.

Valuable data appear in an article in *The Arena*, June, 1894, by Alzina Parsons Stevens, Assistant Factory Inspector for Illinois, as follows :

"February, 1894, the total number of children examined in the Inspector's office was 46. In answer to the question: "What is your father's occupation?" in 15 cases the reply set down was, "Out of work." To the question: "Is your father living or dead?" the answer in 6 cases was, "Dead."

"Here were 21 families out of 46 without the natural bread winner. In only one instance was the child the only one in the family; but in 16 cases the child was the only member of the family at work. In 18 cases the number of members in the family, parent or parents included, was 6 or more than 6. The highest number was a family of 16 persons, for whom one 14-year-old girl is at present the only provider. The nativity of these children is divided as follows: Born in the United States, 11, all of foreign parents; in Germany, 10; in Poland, 9; in Bohemia, 9; in

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Russia, 4 ; in Hungary, Austria, and Canada, 1 each. Twelve of the children spoke very broken English, or none at all. Of the entire 46, only 8 were found in really normal condition."

Take notice: Every child examined by the factory inspectors of Illinois in February, 1894, was a foreigner by birth or parentage, but few could speak good English, and some of them none at all. In 18 cases the number of members in the family was 6 or more, 16 being the highest. Has it been shown, can it be shown, that the afore-said children would be better off without factory employment than they are with it? Would their physical health be better cared for? Would their moral training be better? In short, would the temptation to indulgences that weaken both body and mind be lessened by closing the factories against them? What would be their occupation and teaching at home and in the streets during the hours they are now employed in the factories? All these questions have to do with the problem of child-labor.

In the same article in *The Arena* are found answers by teachers touching the question of the employment of children in factories. Of the effect one teacher says:

"Most pernicious. Most children at an early age are hardened. And yet the home influence is terrible to contemplate. They are unfortunately handicapped from birth; the home pushes them down, the streets aid, and the mill adds its influence. It is a wonder if any are good."

These children are "handicapped from birth. The home pushes them down," says the teacher. Now, if the factory and street do not raise them, it does not follow that they

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would become more elevated without factory employment. The condition in which these children are found is very largely bred in foreign lands, and must bear more or less fruit when transplanted to other soil, be that soil ever so pure.

It is wise and well to make all possible haste to eliminate the evils that attend the employment of children in factories, but let us be careful that we trace the wrong to the proper source and cast the blame where it belongs.

American capital and avarice are popularly regarded as the wicked cause of most of the crooked spines, pallid countenances and tattered garments found among children in our factories. What would be said of American capital should it refuse to employ these unfortunate children? "O well," you say, "let capital pay wages to the male adults sufficient to enable them to maintain and educate their families without making wage slaves of their wives and children."

This is the popular demand; but as a matter of fact, how far can wages be made to fit the case in question? Here are the indigent families, very large in most cases, as has been shown, some numbering as high as sixteen; if the male head is to be paid wages sufficient to support and educate all these, what will be the size of the pay-roll of the average manufacturer, and what price will he be obliged to put upon his goods in order to meet such an enormous outlay? And will the community be willing to bear the increased burden of higher prices, which such a proceeding would surely involve?

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This question reaches beyond the manufacturer, and the effect of higher wages circles right around to the laboring man in the greater cost of what he consumes.

Again, if our economic system is to be adjusted with reference to the number of children parents may bring into the world, then the least educated of the colored people, and the most ignorant of the foreigners, and those who are incompetent to perform any but the commonest kinds of work, but who outstrip all others in the production of children, will require wages far above the more intelligent, educated, and skilled artisans and clerks, etc., whose families are much smaller.

Again, if wages ever so high were to be paid the people in question, would they use the money so received in the interest of education, of cleanliness, and of morality? It is plain that in this matter of overworked, immoral and uneducated children in factories, etc., we have a question, not so much of capital and labor, as of moral and religious teaching, of ethics, and, above all, of immigration.

Of the whole number of children employed in the factories of Massachusetts, 6 per cent. are white Americans, 16 per cent. are colored, and the balance, or 78 per cent., are foreign by birth or parentage. But after all, the whole number is insignificant when compared to the population of the State, and still more insignificant appears the number of factory-employed children when considered in relation to the population of the whole country.

The census of 1890 places the whole number of children employed in the factories of the United States at 121,494,

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which is less than one child to every 175 families. This does not sound so terrible for the young children of the country. Massachusetts being so exclusively a manufacturing State, her case is an exceptional one; but, then, her factory-employed children number only one to every thirteen of her families.

Regarding the treatment these children are receiving, Mrs. Kelly, prominently connected with reformatory movements, and whom Mrs. Parsons quotes as good authority, and who, like Mrs. Parsons, is decidedly the working children's friend, writes in *The Arena*, before quoted, as follows :

"Of all the States in the nation, Massachusetts is best equipped with legislation against child-labor. This legislation, moreover, is rigidly enforced, so rigidly, in fact, that Chief Wade, of the District Police, declares it as his conviction that the evil has been practically extirpated in this commonwealth. So confident is he of this, and so anxious is he to enforce the law to the letter, that he would regard it as a favor to have any one report to him a single case in which the law is violated."

This testimony renders it reasonably certain that most of the evils which have at some time attended the employment of children in the factories of Massachusetts are destroyed. What Massachusetts has done, other States can do. Indeed, other States are following rapidly in her footsteps. The laws of Illinois forbid children to work more than eight hours per day in her factories, and provide for a rigid inspection of the same. In New Jersey, Rhode Island, Connecticut, Pennsylvania, New York, and, in fact, in the manufacturing districts throughout the country, legislation and

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other methods are being brought into play to extend protection to factory-employed children, and, indeed, to all working children.

The census of 1890 places the wage-earning children in the United States in all occupations at 1,118,258. If we assume the number of children now earning wages in the United States to be 1,500,000, which is probably a high estimate, and if we further assume the average wages paid to children to equal the average wages paid to adults, it would still follow that less than 7 per cent. of the whole wage is received by the younger class. Therefore, they could not, if they would, furnish 32 per cent. of the support of families, as assumed by Dr. Strong. But it is well-known that the rate of wages paid to this younger class is not equal by a great deal to that which is paid to older employees. Probably not 1 per cent. of the wages paid in the United States is received by the class in question; therefore, the share of support rendered to families by children, although very great and very important in individual cases, appears, and, in fact is, almost infinitesimal when considered with reference to the vast sum which goes to support all the families in the United States.

It would be sad indeed, if Dr. Strong were right in the assumption that the prudent and industrious workingmen of Massachusetts and throughout the United States were unable to earn a home, or to lay by something for old age; but does such a condition exist? Has it ever existed, except in momentary crises, as it were, when the profits of capital had disappeared, or so dwindled, that it could not employ

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labor without destroying itself? Has the condition described by Dr. Strong existed during the years from which he has quoted his figures?

I have before me a statement regarding Savings Banks in 1887, by Henry V. Poor, editor of "Poor's Manual for the Railroads of the United States." It goes a long way toward revealing the true situation of the classes in question in the State of Massachusetts and in other leading States as well. The following is Mr. Poor's statement:

* Classification of accounts of the Massachusetts Savings Banks.

	NUMBER	AMOUNT
"Whole number.....	944,778	
Of \$50 or less.....	344,640	\$5,023,460.35
Exceeding \$50 and not more than \$100.....	91,072	6,535,392.08
Exceeding \$100 and not more than \$200.....	113,671	15,989,821.29
Exceeding \$200 and not more than \$500.....	155,547	51,109,495.61
Exceeding \$500 and less than \$1,000.....	129,111	92,474,535.90
Of \$1,000 or more.....	110,737	131,779,398.73
To the credit of women, both adult and minor.....	458,376	148,402,334.53
To the credit of guardians.....	5,920	2,812,590.84
To the credit of religious and charitable associations.....	7,147	3,997,107.15
In trust.....	86,908	31,059,015.67

The number of Savings Banks in the State in 1887 was 173; the average percentage of earnings to total assets equaled 4.82; the average rate of interest paid to depositors equaled 4.08; the amount of dividend paid equaled \$11,155,440; the whole amount of profits equaled \$15,283,193. The number of withdrawals during the year, including dividends, 604,415. The amounts withdrawn equaled \$68,861,246; number of accounts opened, 150,274; number closed, 107,738. The expenses of management of all the banks the past year equaled \$747,295.

The following statement will show the amount of deposits of Savings Banks in the United States, with the number of their depositors and the average amount due to each, by States, in 1886 and 1887:

STATES	1886			1887		
	Number of Depositors	Amount of Deposits	Average to each Depositor	Number of Depositors	Amount of Deposits	Average to each Depositor
Maine.....	109,398	\$35,111,600	\$320.95	114,691	\$37,215,071	\$394.47
New Hampshire.....	121,216	47,231,919	389.65	132,714	50,822,762	382.94
Vermont.....	49,453	11,723,675	237.07	53,810	15,587,650	289.67
Massachusetts.....	848,787	274,998,413	323.99	906,039	291,197,900	321.40
Rhode Island.....	116,381	51,816,390	445.28	119,159	63,284,821	447.18
Connecticut.....	256,097	92,481,425	361.12	266,888	97,424,820	365.04
New York.....	1,208,072	457,050,250	378.33	1,264,535	482,486,730	381.55
New Jersey.....	91,681	25,335,780	276.35	98,187	27,482,185	280.04
Pennsylvania.....	143,645	37,530,370	261.27	156,722	42,219,099	269.39
Delaware.....				12,744	2,771,392	217.46
Maryland.....	77,212	30,542,992	395.57	59,565	19,020,932	319.33
Dist. of Columbia...	7,605	793,943	104.40	8,245	834,794	101.22
North Carolina.....				377	11,307	30.00
Ohio.....	34,553	12,823,374	371.12	41,069	15,065,659	366.93
Indiana.....				9,933	2,312,013	232.75
Illinois.....				28,038	14,061,258	501.51
Iowa.....				39,638	9,969,019	251.50
Minnesota.....	14,361	3,654,528	254.48	15,474	3,402,350	219.91
California.....	80,489	60,435,919	750.86	90,245	70,077,399	776.52
Totals.....	3,158,950	1,141,530,578	361.36	3,418,013	1,235,247,371	361.30

The total amount of deposits in all the Savings Banks in the United States in 1886 equaled \$242,619,382; in Massachusetts, \$29,936,482; in New York, \$115,472,566. The increase of deposits in all the banks has equaled very nearly \$1,000,000,000, the rate of increase equaling 400 per cent."

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According to Mr. Poor, the deposits of all the savings banks in New England in 1886, equaled in round numbers \$545,000,000. The loans and discounts of all the other New England banks equaled \$325,000,000. In other words, the savings banks held about \$220,000,000 more than all the rest of the banks of New England.

Concerning the banks of New York, Mr. Poor says:

“The deposits in the savings banks of the State of New York in 1886, equaled \$482,686,730. The loans and discounts of all the National banks in the State equaled, in 1886, only \$354,841,070, the savings banks lending more ready money than the National banks by the sum of \$125,445,660.”

It appears from this that the savings banks of New England are loaning more money than all the rest of the banks of New England, and in New York the savings banks are loaning more than the National Banks. Where does this money come from? The answer is: It comes largely from the wage-earners and people of small means, usually called poor.

In Massachusetts the number of depositors equal more than two and a half persons to each family in the State. If we strike from the list of depositors all the guardians, religious associations, and trustees, and all others whose deposits amount to a thousand dollars and upward, there will still be left more than three depositors for every two families, or 420,000 in the aggregate. If all the rich families in the State of Massachusetts were counted, they would not equal one-tenth of the number of depositors in her savings banks. In short, in no way can the reports of

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the savings banks be studied, that they will not demonstrate that a very large preponderance of the money they hold is the property of wage-earners and those who are usually denominated the common people.

The average amount due depositors was \$321.40 in 1887; in 1892 it was still larger, while the number of depositors had increased 186,425. The value and bearing of these facts will perhaps be more clearly seen if we consider that the number of people opening accounts with the savings banks of Massachusetts between 1887 and 1892 was greater than the combined population of two of her prominent cities, to wit: Lowell and Worcester; and the additional deposits of these people, which amounted to \$78,320,486, would have purchased the real estate of Florida or Delaware, or nearly one-half of that of Vermont at its assessed valuation in 1890.

If we deduct from the moneys held by the savings banks of Massachusetts all that is deposited by guardians and by religious and charitable associations before mentioned, and all held in trust, and one-half of that owned by those whose deposits amount to a thousand dollars and upward, there will still be left an average of \$400 to each family in the State.

Another fact with much meaning in Massachusetts is that more than one-half of the individual depositors in her savings banks are females. The amount of their deposits is \$146,402,334.53. Dr. Strong might have said of these that not one in one hundred owned a house, but the facts would have remained that the income from their bank deposits would build 3,000 houses per annum at a cost of

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\$2,000 each. Or, if they saw fit to withdraw their deposits and invest them in that way, the result would be nearly 75,000 houses; allowing five dwellers to each house, they would furnish homes for 365,000 people, which is more than the city of Boston contained in 1880, and is more than equal to one-half of the adult female population of Massachusetts at the present time.

This does not look as if the fairer sex of the Bay State had been doomed to poverty, without power to own a home, or to lay by something for old age. And, of course, no argument is needed to prove that any relation which the female population may sustain to homes, or whatsoever preparation they are able to make for the necessities of future years, the same is true of the male population. One sex does not accumulate and the other fall behind. The lots of the two sexes are cast together, and their condition and prospects are necessarily the same; especially is this true where opportunities are equal; and it cannot be said that the opportunities of males to accumulate wealth are not equal to those of females in any of the United States.

It is plain, therefore, that, as a rule, the industrious, intelligent, and frugal individuals of both sexes, and the families of Massachusetts can, if they will, secure a home and independence for old age. And it is an encouraging fact that the conditions which prevail in Massachusetts are being duplicated more or less throughout the country, and especially in the manufacturing districts; see *Tribune Almanac*, 1894, page 154, as follows.

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SAVINGS BANKS' DEPOSITS AND DEPOSITORS.

STATE AND TERRITORIES.	1890-'91.			1891-'92.		
	Number of Depositors.	Amount of Deposits.	Average to each depositor.	Number of depositors.	Amount of deposits.	Average to each depositor.
Maine	140,531	\$47,781,186	\$340.08	146,668	\$50,278,452	\$342.80
New Hampshire	165,364	69,531,084	418.19	169,949	72,439,680	426.24
Vermont	72,702	21,620,303	297.28	80,740	24,674,743	305.60
Massachusetts	1,083,517	353,592,987	326.94	1,131,303	369,526,386	326.67
Rhode Island	181,652	63,719,491	488.90	136,648	66,276,187	486.01
Connecticut	305,953	116,406,675	380.56	317,225	122,582,100	386.57
New York	1,477,819	574,689,373	389.86	1,516,399	588,425,431	388.07
New Jersey	195,073	32,462,608	268.65	181,739	33,807,624	266.02
Pennsylvania	226,312	62,150,493	263.00	248,471	65,233,568	262.54
Delaware	16,753	3,692,469	215.05	17,318	3,626,319	209.39
Maryland	135,004	38,916,597	288.26	142,135	41,977,898	295.24
District of Columbia	10,231	703,266	68.73	1,303	60,178	46.18
West Virginia	9,894	875,440	87.94	8,498	473,948	55.29
North Carolina	95,884	264,848	45.31	6,247	232,436	45.31
South Carolina	17,494	3,286,155	187.94	21,397	4,225,469	197.46
Georgia	3,533	477,467	133.50	4,569	572,523	125.30
Florida	1,078	181,030	168.49	170	31,313	187.73
Alabama	1,770	65,816	37.18	1,696	230,046	129.59
Louisiana	4,366	1,420,798	325.42	5,557	1,695,732	305.15
Texas	4,309	384,168	89.16	1,950	279,788	143.48
Arkansas				268	51,564	200.10
Tennessee	11,169	1,445,834	129.44	*16,392	1,292,813	78.67
Ohio	75,885	31,258,088	306.94	84,779	33,895,078	399.00
Indiana	14,684	3,552,009	238.65	15,418	3,754,693	243.53
Illinois	*31,108	16,362,303	367.78	*73,873	21,106,369	285.73
Michigan	150,896	29,887,761	198.82	180,391	36,959,573	204.86
Wisconsin	736	94,687	130.43	948	138,196	146.59
Iowa	*37,146	30,821,405	364.25	*71,667	26,115,384	264.29
Minnesota	*30,391	7,688,677	252.99	35,123	8,786,079	250.17
Nebraska	26,696	3,508,751	130.45			
Colorado				*31,215	2,893,276	136.28
California	*136,497	114,164,523	836.39	*167,667	127,313,088	750.23
New Mexico	*1,063	165,486	155.75	900	149,449	166.05
Utah	*7,994	1,689,040	210.41	*13,596	2,437,950	178.58
Washington	6,850	684,815	121.87	8,955	1,198,997	133.88
Total	4,538,217	\$1,632,079,749	\$358.04	4,781,805	\$1,712,769,036	\$358.30

*Partially estimated.

Times have been hard for the past few years. Capital and labor have both suffered, and are still suffering. The accumulations of other years are being drawn upon for the support of business, as well as families and individuals;

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but the condition of the savings banks for at least three decades contradicts, and when carefully studied will annihilate the popular theory concerning the power of the masses to secure a home and something for old age. If we select from the last quoted report from among the prominent manufacturing States, say Massachusetts, New York, California, Connecticut, Pennsylvania, Rhode Island, and Illinois, we find the increase in the amount of small savings in those States from 1887 to 1892 to have been \$309,710,047, and the increase in the number of depositors 760,649. That is to say, the increase in small savings and in the number of depositors in those States in the last five years has been greater than the increase in the population by more than 100 per cent., and the increase in the amount of savings has been even larger than in the number of depositors.

The deposits in the savings banks in all the States in 1892 amounted to the stupendous sum of \$1,712,769,026, and averaged \$358.20 to each depositor. The total number of depositors was 4,781,605. Here is a mathematical proposition for those who contend that our laboring people cannot own homes, to wit:

If we say that one-third of the money deposited in savings banks belongs to a class of people already well to do, and this is certainly an over-estimate, the fact will still remain that 4 per cent. annual interest on the deposits belonging to the wage-earners and the poorer class (at the average rate of increase for the last ten years) will build many more homes at a cost of two thousand dollars each than

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would be required to shelter the total increase in the population of the United States, from year to year, the immigrants included.

Now, let us look at this matter of home-owning in another way.

As has been stated in a previous chapter, ordinarily the male heads of families are the home-owners; as a rule, only these are expected to own homes. The latest census reports show that there are more than eight million home-owners in the United States. Of course, these are very largely male heads of families. If we reckon five persons to each family, it follows that about forty million of our people are practically housed beyond the danger of being dispossessed for non-payment of rent. This leaves about twenty-two million paying rent or living under conditions where the heads of families are paying rent. These heads of families number in the neighborhood of four and one-half million. It is probably safe to estimate that not more than five million families at the very outside are paying rent in the United States at the present time. This does not look as if our people were in a wofully homeless condition, since about two-thirds of the natural home-owners already own homes.

But what ought to be said concerning the one-third of the heads of families not sheltered beneath their own roofs? Is it owing to a wrong distribution of wealth that these people do not own the tenements they occupy? If so, the reason is not apparent. On the other hand, the reasons why the present distribution of wealth is not responsible are very plain.

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In the first place, as previously stated, more than one-half of our homeless population are colored people and foreigners, not many years removed from environments which were by no means well calculated to develop those faculties of the mind which lead to home-making and the accumulation of wealth. When these classes of people are counted out, so to speak, then of all the families in the United States which could reasonably be expected to have secured homes under any condition of prosperity or through any rational distribution of profits, there remain less than three million. Of these there are a large number living in rented houses, but who could, if they saw fit, purchase and pay for a house of their own. A very large majority of those engaged in business in New York City and in the larger cities throughout the country do not own the tenements they occupy with their families. They prefer a flat tenement, with rooms all on one floor, and janitor service free, to living in a house, with long flights of stairs for their families to climb and a great deal of extra help, which is not only annoying, but expensive. A respectable city residence costs from fifteen to twenty-five thousand dollars, and most manufacturers and trading men find it more profitable to use that amount of money in business than to invest it in a home.

But the class of people which has given rise to at least nine-tenths of modern tenement-house discussion, and which is (blamelessly perhaps) at the bottom of no small percentage of the existing prejudice against accumulated wealth, is yet to be considered. I refer to a certain class of foreigners,

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of whom it is said that they are living in squalor and rags, with their apartments swarming with vermin. It is proper to state that the class in question are not recognized as associates by the larger proportion of our foreign-born citizens.

These people have crowded themselves and been crowded by a few of their better-informed foreign countrymen into our cities, where they have made filthy dens of tenements once clean. Landlords are not blameless. It is the moral duty of house-owners to see to it that their property is not let to those who have no regard for cleanliness. It is said that these filthy people do not receive wages sufficient to enable them to live in decency. It is true that many of them are being sweat and oppressed, more or less, not by Americans, as already shown, but by their own countrymen, bred within the same environments.

There is no question but that, as a rule, the wages paid to this unfortunate class of foreigners are too low. Nevertheless, in that part of New York City where most of these people reside, there is a saloon to every 191 of the population. That is to say, every 38 families of these poorly-paid laborers find money to support a liquor saloon, which probably requires an average daily outlay of not less than fifteen dollars, or about 37 cents per day, for each family. If, instead of wasting this 37 cents per day for liquor, each of these families would save and place it at compound interest at 6 per cent., in 20 years it would amount to about five thousand dollars. Or, reckon the interest at 4 per cent., which is about the usual rate paid by savings banks, and

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the amount of money they are now expending for liquor would, in fifteen years, build them good homes in the suburbs of any American city, or it would purchase the tenements they now occupy.

Can it be truly said, therefore, that the power to own a home in the United States does not, as a rule, extend even to our poorest paid laborer? At all events, it is very plain that the fragment of Massachusetts statistics, quoted by Dr. Strong, however truthful as far as they go, are nevertheless insufficient in themselves. Indeed, they are misleading when detached from her larger data, bearing directly and indirectly upon the same subject.

This being true of Massachusetts, of course, the figures have no such meaning for the whole country as Dr. Strong has assumed. In short, his position is rendered absolutely untenable by statistics covering the whole ground.

The savings banks reports show incontestably that our wage-earners and people of small means are not only saving more and more as individuals, but that the number of savers is increasing out of all proportion to the increase in population. If these people think it more profitable to loan their money to industries through the savings banks than to invest it in homes, it is their privilege to do so; but the fact remains that the interest on the money they have saved in the last few years, is swelling their income at the rate of probably not less than \$40,000,000 per annum.

We cannot, therefore, look upon the condition of a certain class of people, confined mainly to the lower wards of the larger cities, as indicating a general wrong division of

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profits, and a growing dependency on the part of our generally industrious, cleanly, intelligent, and frugal populace.

CHAPTER II.

DOES LABOR RECEIVE A JUST SHARE ?

In *The Arena* (a magazine published in Boston), for June, 1894, appeared an article written by Walter Blackburn Harte entitled "The Back Bay: Boston's Throne of Wealth." The following are some of Mr. Harte's remarks concerning this avenue and its residents:

"On either side of this magnificent avenue . . . are the mansions of those fortunate ones who graciously permit the millions to toil for them upon their own terms and conditions, and for such length of time as they see fit, and then dividing the proceeds, hand over to the workers enough to keep breath in them so long as they are needed."

There are a great many people who indorse Mr. Harte's proposition. They reason that capitalists have an abundance, and can afford to wait, but that labor is poor, standing on the very threshold of hunger, and cannot wait; that capitalists knowing this have fixed the rate of wages at a point where workers can barely exist, "enough to keep breath in them," as Mr. Harte expresses it. But our own every-day observation cannot fail to convince us, if we stop to think, that the rate of wages is not fixed with the slightest reference to the cost of existence. I know of

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two salesmen, for example, one receives \$30 per week, and the other \$50, and the cost of living is greater with the one receiving the smaller salary, since he has a wife while the other has not.

Here and there is seen an employer selfishly taking advantage of the necessities of an individual, and getting service for less than the service is worth, and this has given a wrong coloring to the whole subject. But that these are isolated and exceptional cases, and do not materially effect the general rate of wages or the final division between capital and labor, is demonstrated by the fact that wages differ more than a thousand per cent. with different individuals, while the cost of bare existence is about the same for all men. The same fact is also demonstrated by the general opposite movement of the rate of wages and the cost of the necessities of life. If the amount paid to workers was determined by the cost of the necessities of life, it would certainly follow that, as the cost of these necessities fell, so would wages fall; but exactly the opposite has taken place, and that too, in a very marked degree, to wit:

The rate of wages in most industries has doubled in the last fifty years, while the cost of the necessities of life has decreased by at least 30 per cent. Thus rendering it mathematically certain that neither the cost of bare existence, nor the cost of any other kind of existence, for that matter, determines the rate of wages, or the laborer's share in the rewards of industry.

The following was published by the *New York Press*,

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November 6, 1894, as the language of the *Journal of Commerce* the day before:

“Reviewing, in the light of facts, the positions of capital and labor respectively, for the last half generation, it is thus evident that, relatively, labor has had much the best of it in the co-partnership of the two interests.”

This is the first time I have seen it even hinted in print that in the general division of the results of industry capital had failed to get more than a rightful share. Yet, it not infrequently happens that capital, as a whole, overpays labor, very much. And here is involved one of the most important principles of industrial science; yet, it seems not to have attracted the attention of our economists.

It will be remembered that in a preceding chapter of this work it is stated that a great many failures could be prevented by promptly cutting wages when prices begin to fall and profits dwindle; but that in many cases of shrinking prices and dwindling profits, employers continued to pay the same rate of wages, until they were overtaken by bankruptcy. This is a fact plain to all who will take the trouble to look into the matter; and it is one of the ways in which labor receives more than its rightful share.

In the failures that have taken place in the United States within the last thirty years, the liabilities, that is, the unpaid debts at the time of failure, have amounted to about five billion dollars; a sum larger than the assessed value of Maine, New Hampshire, Vermont, Connecticut, Rhode Island, and Massachusetts.

According to the best authority (Bradstreet) about 11

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per cent. of these defaulters went through the failing process to make money. A small portion of the rest have finally squared their accounts with their creditors. Many of these, however, have done so through a loss to themselves of their investment and all the profits of their business years. But, in all cases, or so nearly all that the exceptions are not worth considering, the help employed by the failing parties received their pay. So that no small percentage of the liabilities reported represents money paid by capital to labor, over and above what capital could safely spare.

Now if we except the failures where, strictly speaking, the failing concerns did not employ labor to any very great extent, then no reckoning that can pretend any approach to fairness will place the aggregate unpaid debts in question below three billion dollars; a sum larger than the assessed valuation of all New England, omitting Massachusetts. What has become of the money representing this huge pile of debt? The creditors have not received it. The failing capitalists have not received it. Labor is the only party concerned that has received full pay. Had labor understood the situation and allowed capital a safe profit, business would have continued active where stagnation has many times reigned.

In short, it has often occurred that through labor getting too large a share of the results of industry, employers have lost the capital they once had, and their employees lost the employment they might have had.

Concerning a particularly fine house on Commonwealth

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Avenue, and the poor people living not far away, Mr. Harte writes as follows :

"This great pile of stones is devoted to the sheltering of two not extraordinarily indispensable persons. Within thirty minutes' walk of this mansion are men and women huddled together, sometimes as many as seven or ten people in a cellar, without heat, without food, with but a bundle of rags to serve all as bed. . . .

"The aggregate cost of the mere luxuries of the table consumed in this one street (meaning Commonwealth Avenue), would be sufficient to properly house the poor, stifling, and degraded in the filthy tenements of Boston. . . ."

Referring to the churches on Commonwealth Avenue and around about, and the remedy for the evils complained of, Mr. Harte submits these propositions :

"These churches, as much as the mansions which surround them, are built with blood-money, at the cost of blighted human lives and human souls. . . .

"The remedy does not lie in any appeal to humanity. That never served any cause yet. It lies in breaking the bonds of slavery through the ballot."

This statement regarding the buildings and residents of Commonwealth Avenue, however well intended, is, nevertheless, calculated to give the laborer an incorrect impression of his interest in the matter. From Mr. Harte's representation, the laborer might infer that the costly structures of Commonwealth Avenue represent labor unrewarded, or at least but poorly rewarded. While as a matter of fact it cannot be shown that the labor represented in the buildings on this avenue, or on any other avenue for that matter, has not been

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fairly rewarded. In fact nothing can be more clearly demonstrated than that labor has, on the whole, received a fair share of a common industrial effort, whether it be represented in buildings or what not, and the workman may look upon the structures that rise on every side as labor paid for, and he may think of the money he received, not as tied up in the building, so to speak, but as still passing from hand to hand, paying labor for building other structures and performing such other services as the necessities of our civilization demand. Yea, more! No inconsiderable portion of the buildings we behold are mortgaged by their owners for the very money that is now doing the business of the country, and keeping labor employed. So that instead of the workman looking upon the costly structures of our cities as representing unpaid labor, he should regard them, not only as labor paid for, but as a guaranty for his continued employment.

Since the foregoing statements by Mr. Harte came to hand another has been brought to notice, which may be profitably considered in connection therewith. It appears in the *National Watchman*, November 2, 1894, as follows:

"The struggle of the masses for a fair share in the values created by the labor means much more than a mere increase of a money return. It means a great social advancement; it means the rising of the workers to a higher social plane. It means higher education, greater refinement, improved social conditions, general mental development. It means the starting of the people of the nation upon a new stage in the march of national progress. It means the elevation of the race. It means that after the industry of the

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nations has provided the viands and the luxuries for the feast of civilization, all shall sit down at the board, groaning with the creations of their skill and labor, and enjoy the repast; and that the workers shall not creep off like dogs to their kennels, while the feast they have prepared is enjoyed by the drones of society."

It is hardly necessary to state that these quotations contain the gist of popular belief concerning present conditions, as well as the expectations of a great many people regarding what is to be in the good time coming. That is, the possessions of the rich are wrung from the poor, blighting their souls and ruining their earthly prospects; and when the bonds of wage slavery shall have been broken through the ballot, as they express it, and a system of government inaugurated under which a few will not get rich, nor any remain in poverty, the tables of all are to groan under the weight of choice viands; the costly garments of the masses will glitter in the sunlight, and the toiling millions bound swiftly up the now slow and difficult ladder to broad culture, scientific attainment, and freedom from anxiety concerning the material necessities for coming years.

We have tens of thousands of good people who are highly cultivated and well provided for, so far as their physical necessities are concerned, yet they feel the privations of the poor more keenly than the poor themselves. They would banish poverty from the earth and place the human race where no child could be born doomed to drudgery, nor the fear of dependence and destitution haunt the dreams of honorable old age, as it sometimes does under the present régime.

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A lofty purpose this, so far as motive is concerned; but is it possible of accomplishment? Can drudgery, for example, be abolished? With all our progress in invention in every department of industry, has drudgery been really and absolutely lessened? There has probably been as much improvement in the culinary department as in any other. The closed fire has taken the place of the torturing blaze on the hearth, over which the housewife formerly bent, and the trim iron range with appliances to regulate the heat with great nicety has taken the place of the awkward hole in the huge brick chimney of olden time. Yet, is cooking any the less a drudgery? That is, do the damsels of 1894 engage in kitchen work with better relish than did the damsels of 1844?

The farmer once cut his grain with a sickle, and when he had reaped one acre he had performed a good day's work. Now his horses reap, while he rides upon a spring seat, and ten acres is a day's work. But, do the young men of to-day take to the cultivation of the soil more readily than did the young men of fifty years ago? Has the sewing-machine made it less a drudgery to make a garment for either male or female? With our modern improvements we can produce a larger quantity of anything in a given time, but a larger quantity is demanded. Our wants have kept even pace with the multiplied means of production, and the increasing purchasing power of our income, so that the drudgery of supplying the necessities (or what we call necessities) of life, is as great as ever—yea, greater; and our discontent is greater also. The ser-

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vant girl of to-day makes a shorter week by at least thirty hours than did the servant girl of fifty years ago, and not infrequently she owns jewelry that cost more money than our grandmothers could afford to spend for a wedding dress; yet she feels that she is a poorly paid drudge, and prays to be delivered from such bondage.

The same state of facts exists with a majority of the male employees of our time. A skilled workman can pay for a home in fifteen years such as only the rich could own half a century ago, and yet he chafes as never before over his low wages and houseless condition. Indeed, with higher wages and shorter hours, and a thousand more privileges and advantages, the laborer is becoming more and more discontented. For this he is complained against as lacking in appreciation. But, are the rest of us any more philosophic or consistent than the wage-earner?

Do we appreciate the progress of the age, and the privileges and advantages we enjoy that once appeared beyond our reach? Our houses are far superior in size, in elegance, in convenience, and sanitary arrangement to those we once occupied, yet they do not suit us, the principal reason being that somebody else has one still superior to ours. We have accumulated a fair amount of wealth, yet somebody else has accumulated more. We can afford to wear richer clothing than formerly, but some of our neighbors can outdo us. Machinery has made it possible to accomplish vastly more work, but it has not made it easier for either the rich or the poor to satisfy their wants, and we all drudge—or think we do—if not in one way, we do in another.

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Rich women, for example, do not drudge in the same way as poor women, but in a manner quite as irksome to them. The late wealthy Cortlandt Palmer said substantially in a public speech that the labor performed by the rich on account of coachmen, house-servants, butlers, etc., and in keeping thoroughly informed regarding the rules of etiquette and changes in methods of cooking, etc., etc., was to them drudgery hard to endure, and in many cases very injurious to health. It cannot be doubted that the task of performing the duties and going through the almost endless ceremonies demanded by what is called high life, tries the nerves, exhausts the energies, and deprives those women of more real happiness than do the tasks ordinarily imposed upon any other class of females, excepting a few of the really destitute.

We are not content with what is really best calculated to promote health and comfort from a truly dignified and thoroughly practical standpoint. We want as much and as costly as anybody else has. We are led by whims. We do not cultivate individuality, and most people act as though they had no respect for it. The poor ape the rich, and the rich ape the richer.

While labor has brought far greater rewards within the last thirty years than ever before, it was never so shunned as it has been during that same period; and not one whit more is this true of the rich than of the poor and the comparatively poor. Too generally are we imbibing loose notions of nobility and real worth. While labor now, does as it ever has and ever must, lie at the foundation of all

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true and lasting success, and give birth to every substantial achievement, it is rarely honored as it should be. Nothing can so develop the youth of either sex in the direction of real, wholesome beauty and sturdy vigor, physically and mentally, as plenty of reasonably hard work. And especially is this true when such work is necessary to the maintenance of the individual, and the continuance of the same is made to depend upon skillful and faithful performance. Yet very few of those whose children have been thus developed would be found willing to place them before the world, at any age, as brown and sinewy examples of what hard, necessary work can do for the human body and mind. They would conceal it, rather. A million mothers toil through the long day and far into the night that the hands of their daughters may not lose their whiteness, nor carry the marks of needle and kitchen into a kind of ball-room they had better never entered, and among a class of gentry who have not been taught the sublime lesson that in labor there is strength, dignity and virtue, and that idleness is the parent of mental and physical weakness and the forerunner of moral decadence.

So long as necessary work is regarded as a task to be shunned, or a drudgery to be ashamed of, or until the fundamental and God-ordained truth is admitted and acted upon that it is as necessary, and therefore as honorable, to lay the foundation of the arch as it is to adjust the keystone, to dig the cellar as to build the superstructure, and until our struggle to gather and hold property is governed more by our real necessities and less

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by a desire to satisfy a vitiated taste and to keep step with frivolous and unreasoning fashion, we may rest assured that unwelcome toil will be our lot, and a feeling of poverty our constant companion.

Very few are so rich that they do not fear that want may some time steal or rush in upon them; and a still smaller number are so circumstanced in life that at times they do not feel something akin to poverty, especially when they measure their own fortunes with the larger possessions of others.

In short, when all the facts and forces which have and do now contribute to the disturbed condition of society, and distrust of existing economic methods are duly considered, only one conclusion is logical, to wit, the harmonious onward march of the race, the rich and the poor, the few and the many, cannot begin except through a changed way of viewing things, a wider sweep of vision over fields where lie the duties and responsibilities of life; a deeper searching for the springs of human action, not to say a different rating of good and evil, of high and low, of what constitutes good and bad society, etc. In other words, without a change in our mental and physical habits, economic changes can bring but very little lasting good; as, for example, if, with the marvelous increase in production and in the purchasing power of wages and incomes, discontent is becoming more and more intense, it stands to reason that still higher wages and larger incomes cannot, in and of themselves, bring the peaceful rest and satisfaction we so much desire.

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While the motives of such as would revolutionize our economic system, so as to banish poverty and equalize conditions, merit respect because of their sincerity, yet, could these people bring about the change they so much desire, it would render impossible the very blessings they are praying for, as well as a great many we are now receiving. It is the fiat of nature's God that variety shall exist everywhere, and that all happiness and all progress shall be the learning of differences, while all knowledge can be nothing more nor less than differences learned. Again, it is a principle of nature, written on every page of human history and declared in every forward step of the race, that the most perfect understanding and appreciation of differences must come through experience and close contact with the things to be compared, studied, or in any way dealt with. As, for example, one who had never felt the fire uncomfortably near, could not fully appreciate the gratitude of one suddenly relieved from the terrible smarting of a burn. The poor shepherd boy experiences great joy at the sight of shoes that are to protect his torn feet from the fall stubble and frost and the winter's snow. But when spring has thrown her soft, warm carpet over the earth, and the more direct rays of the sun are beginning to be felt, these same shoes become burdensome, and the encumbered lad flings them away as gladly as he put them on a few months before; but in both changes he has experienced a pleasure comparatively unknown to those whose feet never wandered unprotected over autumn fields, nor, shoeless, toughened on the naked ground.

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Variety and change is largely the solace of life, and often renders pleasant that which would otherwise be counted burdensome. One reared in a level country loves to climb mountains. Upward, still upward, he joyously struggles, as each succeeding step reveals more and more of the vastness and beauty of the world below. His pleasure is in passing from one height to another, and he rests not satisfied while his strength lasts and a single peak remains unexplored.

Level mountains; soften climates; place an abundance where all can have it by the mere taking; remove all anxiety concerning the necessities of old age; in short, banish competition and so change conditions that the now thrifty, energetic, aspiring, knowledge-loving American will have no more occasion to plan and hoard for the future than does the South Sea Islander, and he will very soon begin a backward and downward march to the level of that ignorant and slothful son of the Cannibal Isles.

By this it is not intended to carry the idea that conditions are never too hard, but the all-important fact must not be overlooked that the two great forces which unite to make us progressive beings are *desire* and *necessity*; one beckoning, the other forcing, us along the pathway of improvement and up the hill of knowledge to loftier and broader views of life and creative energy. How far we can go in the direction of destroying competition and removing impediments to an easy, comfortable living, without at the same time weakening these forces, is a very serious question.

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And as to drudgery, it cannot be abolished unless we refuse to recognize necessary work as drudgery. To one who does not comprehend the divinity and nobility of labor, four hours per day is as irksome and distasteful as eight, provided he has never worked the eight, but is absolutely obliged to work the four. A certain amount of labor will always be indispensable to health, strength, cleanliness, sustenance, etc., and if we count it drudgery, the more energetic and aspiring one is, the more will he drudge, because the better care he takes of himself and the more he tries to accomplish the more labor he must perform, either physically or mentally, or both.

But let us pause for reflection. This moralizing and philosophizing is well, yea, it is indispensable to a thorough and rational understanding of the position of the laborer and the capitalist. The masses, and, indeed, all classes, will sooner or later study the subject from a moral, philosophic and, if you please, a scientific standpoint. But now a theory is prevalent which greatly hinders unbiased and searching reasoning. This theory, if allowed to stand, means great and sudden social and political revolutions and wild attempts to accomplish the impossible.

It is not an uncommon remark that two hours' work per day, or four at the most, with the results divided according to merit, which means according to the amount of labor performed, would enable the whole people to live luxuriously. This is substantially the view taken by Mr. Harte and the *National Watchman*, quoted at the beginning of this chapter.

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Mr. Harte thinks that the cost of the mere table luxuries of Commonwealth Avenue alone would comfortably house and feed those who live in the bad tenements of Boston. He does not attempt to show, he appears not to think it worth his while to consider as a part of the capital and labor problem, how large a percentage of the degraded and filthy people he describes might have been comfortably and even luxuriously housed and fed had they practiced the same industry, economy, temperance, and cleanliness that in a majority of cases brought wealth and luxury to the dwellers on Commonwealth Avenue. It is safe to assume that many a man now living in a fine house in Boston's Back Bay laid the foundation for his present fortune by the saving of a smaller daily sum than many of those now degraded and filthy families have been accustomed to spend, especially in good times, for liquor and tobacco.

If Mr. Harte believes that the rich of Commonwealth Avenue can and ought to make the needy poor of Boston comfortable by donating the mere cost of their table luxuries, he certainly ought to remember that the money spent for liquor by the poor of Boston amounts to not only more than do the table luxuries of Commonwealth Avenue, but more than the cost of all the luxuries of the whole city.

Why not rail at these people for indulging so unreasonably and wastefully in dangerous luxury, while some of their neighbors are sleeping on beds of damp rags in unheated tenements?

But, passing this by for the moment, what would Mr. Harte do with these destitute and, according to his account,

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filthy people? He certainly would not be so unwise as to give them a large amount of money. The most he could think of doing would be to relieve the necessity of the moment, and then agitate and consider, and induce others to consider with reference to the next step to be taken. This is precisely what is being done, and it is safe to say that nine-tenths of the reform in that direction is resulting from the efforts of rich and well-to-do people. Felix Adler and his rich co-workers built beautifully arranged and well lighted tenement houses in New York and filled them with the kind of people in question, but they would not be cleanly and make the most of their opportunities; in fact, in almost every particular they have disappointed the hopes of their would-be benefactors.

Not distant from the aforesaid tenement houses is a free kindergarten, supported by the rich. At one time the teacher was beginning to instil temperance ideas into the minds of the scholars. Very soon parents began to find fault; some even visited the school and informed the teacher that she must desist, or the children would not be allowed to attend. The teacher did desist.

Of course there is no reasonable excuse for the undeveloped and avaricious capitalist who allows his property to be used as it often is in the poorer districts of our cities, simply because it is bringing him dollars. But I repeat substantially what I have said in a previous chapter, to wit: The question, "What is to be done with the filthy occupants of filthy tenements?" is a thousand times more a question of morals, of education, of temperance, and of immigration

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than of wages, although many of them are paid too small wages.

The popular demand is that there shall be such a division of the results of industry, that the great mass of the world's people shall perform much less work than has been their custom, and at the same time have all the luxuries of life. If such a result is possible of accomplishment, the demand is reasonable and just. That is, if it be true that enough is produced for all to fare sumptuously, and that the same would be true, even with much less work than is now being performed, it is but just and reasonable that the masses should have their full share of the benefits. But can it be accomplished? Let us see what light reliable statistics can throw upon this subject.

Of course calculations cannot be made with perfect accuracy in a case like this, but an approximation can be reached that will be sufficient for all practical purposes. The road I propose to travel to the proposition, in its finality, is not very direct, but it will be found to reach the objective point at last. Let us first ascertain as nearly as possible, what share of the results of industry capital actually receives. This cannot be determined with perfect exactitude; nevertheless, the average rate of interest and dividends show very nearly what percentage of the product of industry goes to capital.

The average rate of interest and dividends paid during the last year has not been far from 6 per cent. on invested capital. Thus capital has received about 6 per cent. and labor about 94 per cent. of the joint earnings of capital and

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labor for the year 1894. This calculation will appear very wild at first glance to those who have so long held the opinion that capital gets an immensely preponderating share of the product of a common industrial effort. Yet, how absurd it is to insist that capital gets a larger percentage of the results of industry than the average rate of interest and dividends. Indeed, capital is constantly in the market, seeking an opportunity to engage with labor in any promising business, and receive for its share 6 per cent. on the sum invested, and often only 4 per cent. and sometimes as low as three per cent. will secure the investment and co-operation of capital in commercial and industrial enterprises. In short, as a rule, capital only asks and only expects 6 per cent. for its share. Why should it be claimed that it gets more?

But, for the sake of the argument, let us assume that invested capital does get more than 6 per cent.; or, suppose that the income of capital rises to 50 per cent. per annum. Who will be benefited? You say, "Capital will be benefited."

Very well, let us assume for the moment that the benefit would accrue to the capitalists only. The next logical question then is: Who are the capitalists? Ah, here is the rub. This question means much, yea, it means everything to the capital and labor controversy. Where shall we draw the line and say that all above are capitalists and all below are not, since almost every adult person has capital; the difference being that some have more than others? But, you say, when we speak of capitalists, we mean very rich

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people, millionaires, for example. Very good, but it would be inconsistent to claim that millionaires would be benefited by an increase in the income of capital, unless it be admitted that all other capitalists would be correspondingly benefited; for there is no law, statutory or economic, under which millionaires can receive a benefit from the investment of capital that the less wealthy capitalists are not certain to share. It is very illogical to complain that millionaires have become more plentiful of late, and at the same time charge that the opportunity to accumulate wealth has been growing less; for how do more men attain millions, if the road to millions is not easier? How can a larger and larger number gain the mountain top, year after year, except it be that more and more are making headway toward that point? In other words, it is impossible that there be a greater number of the very rich, unless there be a greater number of the comparatively rich, or to state the same fact in still another way the increase of millionaires implies that there are more men worth nine hundred thousand and so on down the line.

This is a very plain truth if we stop to consider that when a million dollars yields a profit, great or small, each dollar produces one-millionth part of it. In other words, the total gain is the gain of each and every dollar gathered into one sum. And is there any good reason why a dollar invested by a small capitalist should not yield as large a profit as one invested by a larger capitalist?

Of course the popular theory is that the richer capitalists do business on so large a scale and sell so cheap that small

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capitalists cannot compete with them. I have discussed this proposition in a preceding chapter, but it is so little understood, and yet so important, that some further illustrations may be necessary.

It is not difficult to see that if it be true that the larger business concerns undersell the smaller the masses are benefited by it, because they get their goods cheaper, which must leave a larger opportunity for saving.

But, you say, this crushes the small trader. Suppose it does? We want to benefit the many working people rather than the few traders. What right has the small trader to ask that the people pay a higher price for goods, or that we be compelled to run all over town among a hundred small establishments to get, perhaps, not more than a dozen articles, when the larger concern places them all before us under one roof at lower rates?

But all this does not satisfy the masses that rich people do not rob them of their earnings, neither does it convince the small trader that the large aggregations of wealth are not against his interest, and the whole blame is laid at the door of the rich. But, as a question of fact, how much do the rich have to do with it? In other words, if large aggregations of wealth have rendered it harder for the original proportion of small traders to do business single handed, is it really the rich that are causing it? Are not smaller investors the very persons most powerful in bringing about the condition complained of? As, for example, suppose a very small dealer cannot compete successfully with that old and powerful concern in Boston known under the firm

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name of Field, Bulevant & Field. Who is it that stands most in the way? The small dealer says it is the rich, and he looks upon Field, Bulevant & Field as his especial enemies, crushing him with their wealth. I cannot speak authoritatively regarding the wealth of either Field, Bulevant, or Field. It is not necessary that I should. The important fact is that the concern bearing their names is owned by about fifty individuals. This renders it absolutely certain that whatever crushing is being done under the firm name of Field, Bulevant & Field is the work not entirely of three rich men, but of fifty persons, many of whom are necessarily small investors. In short, it is highly probable that the large business in question is being carried on by individuals, most of whom have less money invested than have a majority of the small outside traders who complain that they are being crushed by the rich.

All large business houses, however, have not as many owners as the one just discussed, but it is John Doe & Co., Samuel Jones & Co., and corporations everywhere, and the investors therein are legion. Indeed, the number of investors in the business of the country, and especially in the large concerns, is so great, and the invested capital so largely in the hands of the many, that the very rich are controlling but a very small percentage of the business of the country. Nevertheless, this view of the case is so decidedly contrary to the old and popular one that nothing short of a mathematical demonstration will be generally accepted as proof. Such evidence will be found in the following chapter.

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CHAPTER III.

MILLIONAIRES AND THE PEOPLE.

A document circulated in New York City by a labor candidate for Congress in 1893 contained the following:

"Two hundred and forty thousand people in New York City alone, at this very hour, famishing for bread: 165,000 persons evicted from their homes in this city in a single year, five times more than were ever rack-rented in Ireland in a similar period.

"Seventy thousand miles of railroads passing into the receivers' hands in less than two months.

"Over 125 banks suspend in six months.

"Twenty-six thousand persons own over half the wealth of the United States.

"Fifty men own and control every avenue of possible wealth."

In 1892 the New York *Tribune* instituted a census of the country for the purpose of ascertaining the number of millionaires. The result was the discovery of 4,047 persons reputed to be worth a million dollars or more. The following is copied from page 4 of the *Tribune's* report:

"No attempt has been made to estimate the exact wealth of the persons who are named in these lists. The fact is, no one can tell exactly how much any man is worth until after he has passed away and his executors have paid his debts and settled up his estate. A man's profits, or his opportunities, or his style of living, sometimes lead to the popular belief that he is worth many millions. But no one knows about his losses, or whether he really took advantage of his opportunities, or what sums of money he

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has given away to public institutions or his relatives; or what sums of money he is owing for. Popular estimates of the exact wealth of different persons are exceedingly wide of the truth, most of the time, and it would be so difficult, expensive, and, in fact, inquisitive to obtain expert estimates, that it is better not to go into that branch of the subject at all. A case in point will show how mistaken is the popular idea of some people's wealth. The president of one of the great railroads of the country was lately mentioned in a published list of a few hundred "millionaires" as worth the enormous sum of \$20,000,000. If this upright, able, and honorable man had actually taken advantage of the opportunities he has had of operating for his own benefit, he might possibly have accumulated the sum of money named. But he has always managed the road in the interest of its stockholders, and he is actually worth not more than a million, if, indeed, he is worth that. Some of the men reported a year ago, when this investigation first began, as worth a million, have died since then, and their estates have been found far below the million mark. It is hard, therefore, to say, who is actually worth a million."

I will not suggest that the real value of the property of the 4,047 reputed millionaires is as much below the popular estimate as is that of the one referred to by the *Tribune*, whose reputed wealth of \$20,000,000 turns out to be only one million, or less. But if the reader will take the results of his own observations, as a basis to calculate from, he will reduce the popular estimate of the wealth of the afore-said 4,047 individuals at least one-half.

How many rich men have you ever known whose wealth was not over-estimated by their neighbors—not slightly over-estimated, but a great deal? It is not often that a

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very rich man's neighbors guess nearer the actual value of his property than did those of the late Mayor Harrison of Chicago. They were estimating him worth from three to four million, when his death revealed the fact that he had less than \$900,000. It is doubtful, to say the least, whether the property of the aforesaid 4,047 reputed millionaires would this day sell in market for a price that would leave the owners one-half of the sum they are reputed to be worth. Such men are usually very large borrowers, and their decease almost invariably reveals heavy demands against them.

Then, too, ranch property, milling enterprises, tunneling schemes, and mining ventures, etc., in which so many of such men are apt to have large investments, are by no means certain to yield the results they appear to promise; and scarce a week passes that more than one reputed millionaire or very wealthy concern does not turn out to be bankrupt.

But, for the sake of the argument, let us assume that the aggregate wealth of the 4,047 individuals in question reaches the amount guessed by *Tribune* informants, or, say, to make it an even number, \$4,000,000,000. Well, what of it?

It is probable that more than nine-tenths of the people of all classes are of the opinion that enough is produced to make everyone well off, if it was properly distributed, but that the few get it and the many suffer on in poverty. Let us see. There were millionaires in the country as far back as 1830. But we will assume that the four

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billion dollars worth of property in question has been only sixty years in accumulating; and let us also assume, for the moment, that every dollar of it has been wrongfully taken from the masses; how much has the individual lost each day?

Of course, this question cannot be accurately answered, but then, we do not need to be accurate in this case, nor is it necessary to make many figures in order to dissipate the popular delusion and annihilate the common theory that the people have been handicapped in their movements, or that they have fewer homes or less clothing, or that their tables are less luxuriously furnished on account of what the millionaires have gained.

To begin with, we will place the average population of the country for the last sixty years at forty millions. We will then estimate that two generations have come and gone during that time. The accumulations of the country then for the last sixty years have resulted from the labor of eighty millions of people. In sixty years there are 21,900 days. Now, upon the theory that the millionaires have taken their four billion from the people, each citizen has contributed about one-fifth of one cent per day. How much can one luxuriate on one-fifth of a cent per day? How much of the good things of life will it buy? Or, to submit substantially the same proposition in other words: If the masses had had each day the percentage of the products of industry that has gone to the four thousand very wealthy men, would it have loaded their tables with rich viands, built them costly houses, covered their bodies with finer

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clothing than they now wear, and at the same time relieved them of any considerable proportion of the so-called drudgery they have been performing?

There comes to mind the story of a peasant who complained to one of the Rothschilds that he was cruel in withholding his vast wealth from the people when they needed it so much. The peasant was asked if he thought there ought to be an equal division; he answered yes. Mr. Rothschild immediately drew a very small piece of money from his pocket and handed it to the peasant with the remark: "Here, sir, is your share."

A thorough mastery by the people of the principle here involved is one of the pressing needs of the hour.

A few years since a great multitude of poor people formed in line and marched by the Lord Mayor's house in London. They probably believed that the accumulations of the Lord Mayor were in some degree responsible for their poverty, and that he might help them, if he would. Undoubtedly, many a one in that procession deserved better things than had hitherto fallen to his lot, and many a wealthy man had passed by on the other side instead of drawing near to help his less fortunate brother. But unless the Lord Mayor possesses more of this world's goods than most people who are counted rich, his entire property would not purchase each member of that procession a respectable hat. And if the said Lord Mayor's property could have fallen into the hands of the members of the procession, an equal amount going to each individual, day by day, while it was being produced and accumulated, it would probably have amounted

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to scarcely more than the cost of a single kernel of coffee to each of them.

Think a moment ! The wealth of England is made up of profits resulting from her *commerce* with the whole world. It is safe to say that the trade of England has been carried on with an average of two hundred millions of people for the last three hundred years. During this time more than eight generations have come and gone, so that the property now visible on the British Isles is in no small degree the result of the efforts of more than three billions of people from first to last, the amount to each individual would be but a very small fraction of a cent a day, which is too insignificant a sum to materially effect the fortunes of anybody.

Substantially the same facts obtain with regard to the United States.

Our wealth is the product of more than six generations of Americans, together with the vast number of citizens of other countries with whom we have dealt for more than two hundred years. The amount that remains of the product of American labor, had it been equally divided while it was being produced, would not have added enough to the income of each individual to have supported a canary bird ; no, nothing near it ; it would not have bought a decent meal once in a year. Consider the wealth of the world, the length of time it has been accumulating, and the prodigious number of hands that have been engaged in its production. If it were true that it had all been taken from the people wrongfully, it could have affected their condition

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only as a drop of water affects the ocean. The amount to each individual is simply infinitesimal.

It is not true, therefore, that a system of distribution that would turn to the many that which now goes to the few, would make any material difference in the hours of necessary labor, or in the power of the poor to surround themselves with the necessities or the luxuries of life. But the glorious truth has been abundantly proven in previous chapters that the possessions of the few have not been wrung from the many; but that, on the contrary, the energy and fortunes of the few have been a priceless blessing to the many. As a rule, the more one hurries to get rich, the more rapidly he calls for hands, and, right here, is where the wage-earner gets his increased employment and his rise in wages.

Let the workman consider this proposition, and then ask himself the questions, "Have not my opportunities been increased by the rapid accumulation of wealth in this country, and what would have been the present condition of labor without the pushing energy of the men who have won large fortunes or fortunes above the ordinary.

Now, a word with regard to the statements of the *New York World* and the *Times*, quoted by Socialist, on pages 75 and 76 of this work. The opinion of the *World* that henceforth it would be harder for the workingman to rise to a condition of independence, or to escape from the condition in which he was born, is absolutely refuted by the fact that the purchasing power of wages has already advanced considerably beyond what it was at that time, and again by the further fact that the increase in corporations and joint-stock

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companies is rapidly multiplying the opportunities of wage-earners to invest their small savings and receive a share of the profits of business. How can this do other than make the road to independence easier for the workingman?

Now as to the statement by the *New York Times*, that half of the farms were ready to be sold, and the argument by the Socialist, that while the farmers were being driven into tenantry the capitalist had been getting into a condition where he could buy those farms if he would, etc., is quite as wide from the mark, as the statement in the *World* just discussed.

At the time the farmer was hard pressed the other capitalists of the country were in the same condition. Indeed, the condition that existed in 1877 when the *World* and the *Times* made the statements quoted, was like that which existed in 1893, as for example: The force that had lowered the value of the farm had placed the moneyed capitalist where it was harder for him to buy; even the labor candidate's own statement, quoted on first page of this chapter, that 125 banks had suspended in six months, and that railroads and other large corporations were failing in frightful numbers, proves that whatever caused the calamity, it fell upon the rich as well as upon the poor.

CHAPTER IV.

RECAPITULATION AND CONCLUSION.

Since I wrote the early chapters of this volume, in which I gave it as my opinion that harmony could not exist

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between laboring and capitalistic forces, while so many earnest people held the belief that capital was robbing labor, I have seen much to confirm me in that opinion. An unusual number of great strikes have occurred in this country and in Europe, including that against the Pullman Company. Some violence has been used, and a great deal threatened. Labor organizations have gained rapidly, while public sympathy for the working man has not diminished.

I feel the weight of the fact that my theory regarding the distribution of wealth—which is the real bone of contention—antagonizes the theories now being put forth, not only by the laboring world, but by many in the religious, literary and scientific fields as well.

Nevertheless, as I scrutinize the preceding pages the belief that I am right does not weaken. And to the end that the opposing theories and opinions in question may be more conveniently analyzed by the reader, I will restate the substance of some of the more important, and compare their logic in a few pages of recapitulatory discussion.

The feeling of the masses and the issues supposed to be involved, are fairly well stated by the Rev. Thomas Dixon as follows :

“ It is now the kingdom of money against the kingdom of the common people.

“ The masses are restless.

“ The classes are blind.

“ The hour is ripe for action.

“ The issues involved are tremendous.

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“What are these issues?

“The stake involved for the conservative forces of society certainly includes :

“First—The present economic order. Let the men of wealth and privilege understand it clearly. There can be no mistaking the meaning of this movement of the world's masses. The object of attack is the foundation of the *present scheme of competitive society*.

“The conviction has grown so strong that it has become a principle of action—that the present order of society is responsible for the unequal distribution of wealth, the extremes of poverty and luxury, the opportunities for injustice and oppression, the creation of gigantic monopolies and the consequent impoverishment of the millions. They—the people—believe that if things remain as they are, within fifty years there will be billionaires in America. Right or wrong, they believe that millionairism is unjust, and that a billionaire would be a crime against humanity.

“Mr. Thomas G. Shearman in his famous article in *The Forum* shows that in America three-tenths of one per cent. of the population control seventy per cent. of the property. In other words, in the distribution of national wealth one man in three hundred receives \$70 out of every \$100, and two hundred and ninety-nine men receive \$30, which, if averaged, would give them about ten cents each. The wealth of Croesus was \$8,000,000. This is less than the annual income of more than one American millionaire. Mr. Shearman says: ‘Several non-speculative estates have increased five-fold in less than forty years. Counting only four per cent. increase, the present fortune of \$200,000,000 will become \$1,000,000,000 in less than forty years.’ ”

In justice to Mr. Dixon I will quote from his remarks directed especially to the working people. He said:

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"The hour calls for the earnest and sacrificing thought of the workingman. His life hangs upon the movement of the next decade. He cannot afford to blunder. He must think. He must read. He must organize. He must federate. . . . Your revolution must be a bloodless one to be a successful one. Anarchy is an insanity. It was born in the wrongs of our social order, but it can never cure them.

"It is the delusion of the dethroned reason. It will destroy friend and foe alike if allowed the opportunity, and over the wreck cut its own throat.

"In proportion as violent councils have prevailed among the leading movements of the masses, their cause has been set back, and the day of emancipation postponed. You are now endowed for the first time with the ballot and the free use of your brains. Use these resistless powers."

As I have often stated in this volume, from the laborer's standpoint he has a tremendous case against the capitalist. As he sees it, the concentration of wealth is enormous, and his own hard earnings are immensely in the hands of the rich, who are using them to oppress him. But if my theory of the law of exchange and mutual dependence be correct there has been no concentration of wealth except in a few individual cases, which does not, nor cannot, materially affect the fortunes of the masses.

An article appeared in the *New York Herald*, August 19, 1894, in which are tabulated 183 names of individuals whom the writer says own \$474,000,000 of the \$1,562,000,000 of the real estate value of New York City. This article is well calculated to have great

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influence. The following are some of the statements accompanying these figures:

"One of the most interesting chapters in the history of New York is the manner in which the real estate of the city is being gradually absorbed by a few wealthy residents, who are continually making additions to the property they have been accumulating for years.

"Researches made by the *Herald* demonstrate that the number of small property owners and landlords is steadily diminishing. By the Comptroller's receipts for 1893 it is shown that of the total taxes on real estate, valued at \$1,562,582,898, those on property worth \$474,085,000 were paid by 177 private individuals and estates. This number does not include some estates whose holdings are mainly of a leasehold character, nor properties owned by corporations.

"From this it will be readily seen that real estate in the city is largely controlled by the landed gentry."

How can the masses read these statements and not be convinced that it is their solemn duty to attack the present scheme of "competitive society"?

Couple Mr. Shearman's statement that three-tenths of 1 per cent. of our people own 70 per cent. of the wealth of the country, with the calculation quoted from the *Herald*, that 177 individuals own \$474,085,000 out of \$1,562,582,393 of the real estate wealth of New York City, and they appear to have a meaning which at first glance borders on the awful.

But when the two propositions are put under scrutiny, we discover that they are absolutely valueless, so far as relates to the question of the concentration of wealth. The

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data they furnish regarding the present distribution of wealth is compared with no data of a former period, which alone can determine whether wealth is concentrating or not. If three-tenths of 1 per cent. of the population controlled 70 per cent. of the wealth in 1890, for example, what percentage of the population controlled 70 per cent. of the wealth in 1840, or fifty years ago? If 177 individuals owned \$474,000,000 of the real estate wealth of New York City in 1890, how much of the wealth of New York City did the same percentage of her population own in 1840? These questions answered, and we have positive knowledge regarding the great question of the concentration of wealth in New York City and in the country at large.

We have no data at hand; indeed, it would require a great length of time and much painstaking to obtain figures covering the whole country, but I feel that candid and well-informed minds will readily concede that if wealth has concentrated anywhere, it has been in the city of New York. It is often said that "when a man becomes very rich he hies to the city." This is especially true of New York. It is the metropolis of the nation and the greatest natural trade center in the world. Its growth must be steady and permanent. This, capitalists understand, and thither they go in large numbers with their wealth.

There the poor go also from every clime. More than one-half of the population of New York City is of foreign birth or foreign parentage. It would seem to be quite natural, therefore, that with the constant inflow of the very poor and the very rich, one should stand out against the

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other in the very strongest light. That the fortunes of the very rich should overbalance more and more, year after year, the accumulations of the very poor and the moderately well-to-do, is at first glance a natural conclusion.

And, by the way, here is where the greatest difficulty lies in the settlement of the capital and labor controversy, to wit: Writers follow the impression resulting from the first glance. They do not search for all the elements in the problem. In other words, they stop short of the whole truth—not intentionally, as a rule—but here are huge piles of wealth, and near by are the poor. Rich people are more plentiful than formerly, and so are the indigent. Why reason further? It appears plain that one is the concomitant of the other, and that the few are consuming the goods that belong to the many.

Thomas G. Shearman says that several non-speculative estates have increased five-fold in less than forty years. This is probably true, but without a further explanation it is absolutely and dangerously misleading. The natural inference is that the estates in question, together with the accumulations of rich individuals, are absorbing the great city. The Rev. Dr. Dixon has taken this view of the case from Mr. Shearman's statement, and thundered it forth to one of the largest congregations in New York City. The press has taken it up and spread it broadcast over the land. The *Herald* is reasoning in the same vein, and has produced figures which, at first glance, appear to confirm not only the figures, but the inference natural from Mr. Shearman's statement.

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Now let us look to the very bottom of the question of the concentration of wealth in New York City.

Accompanying the figures in the *Herald* is the following:

"It is, of course, impossible to give a complete list of persons owning property in New York worth \$1,000,000 or more. The compilation of such a table would require an accurate knowledge of every ownership in the city, together with the ability to appraise each parcel at its exact value; and this latter, it is safe to say, no one man possesses.

"An attempt to gather up the information in unofficial quarters must have inevitably ended in disaster. Over-estimates of value, mistakes as to present holders, and a thousand other errors would have rendered a list made up outside of the public records worthless.

"So the list given below was taken from books showing the receipts of taxes in the office of the Comptroller. It errs only in that the amounts placed opposite the names are in most cases very much below the wealth in real estate possessed by the individuals and estates named. This under-estimate arises from two facts:

"The Tax Commissioners of this city assess property at about 60 per cent. of what they consider its market value to be, and oftentimes the valuation falls much below that figure. An endeavor has been made in compiling the table to correct this.

"The second cause for the under-estimate is to be found in the practice in vogue of having the lessees of ground and houses pay the taxes as part of their rent. Where this is done the real owner of the property does not appear on the books of the Receiver of Taxes at all. Thus, for instance, the Astor estates have many tenants, from the lessees of their big hotels down to the occupants of their small dwellings, who pay the yearly taxes as part of their

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rent. The amount of property credited to the Astors on the tax books and reproduced after revision in the accompanying table is therefore but a portion, though a goodly one, of their holdings.

"While the table does not set forth all the owners whose possessions run into seven figures, it contains the names of the great majority of the landed gentry in New York. The figures are accurate as far as they go, and if wealth is under-estimated, as it is in most cases, the change from the usual habit of exaggeration should be welcomed.

"The figures have been compiled with great care, and only after much labor. They show the amount of money upon which the land-rich pay taxes. The totals opposite each name would not correspond with those in the Tax Assessor's books, which are admittedly low. The revision of these tax figures has simply been undertaken with a view to bringing the values in touch with current market quotations."

I have copied thus lengthily from the *Herald* to show the sincerity of the author, and how well calculated the article is to produce a deep impression upon the community. But I wish to call special attention to the language of the fourth paragraph, to wit:

"The Tax Commissioners of this city assess property at about 60 per cent. of what they consider its market value to be, and oftentimes the valuation falls much below that figure. An endeavor has been made in compiling the table to correct this."

You see reader, the figures have been compiled with great care and much labor, yet the amount of property set down opposite each name *does not correspond to the figures in the tax books*. The reason given by the writer for this discrepancy is that "the revision of these tax figures has been

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undertaken with a view to bringing the values in touch with current market quotations."

By this, of course, is meant that the writer has added a sufficient amount to the official figures to bring the value up to the present market price of real estate. How else could he manage to bring "the values" (as he expresses it) in touch with current market quotations.

Therefore 40 per cent. must have been added to the assessed value of the property in question, since no other sum would bring "it in touch with current market quotations."

But why add *any sum whatever* to the assessed value of the land of the rich without adding the same ratio to the land of others, since to do so is to make a difference *appear* which really does not exist. To illustrate:

If Jones's land is assessed at \$1,000, and Hooper's at \$500, the difference is one-half. But if we add 40 per cent. to Jones's without adding any to Hooper's, the difference appears to be nearly two-thirds. This is exactly what has been done (though without wrong intention, I believe) in the communication to the *Herald*. Now since 40 per cent. has been added to the assessed valuation of the real estate of the very rich, and nothing to that of others, we will strike out that 40 per cent. All the real estate will then stand assessed at 60 per cent. of its market value, and we have a basis for calculating the difference in the value of the real estate holdings of the very rich and that of their neighbors.

When this reduction is made, \$284,451,000 represents

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the true sum for comparison. The *Herald* reporter in reference to the Astor holdings says : " The amount of property credited to the Astors on the tax books, and reproduced *after revision* in the accompanying table, is therefore but a portion, though a *goodly one*, of their holdings."

Let us take it for granted that the table in question represents not all, but a very large majority of the real estate holdings of what the compiler calls the landed gentry of New York City. We will say the same, and apply the same rule to the individuals representing the landed gentry of New York City in 1840. I have gone through the tax books of that year in a very cursory manner. A goodly number of the names which appear in the tax books I did not trace through more than eleven of the seventeen wards which constituted the city at that time. The names of property-holders were not alphabetically arranged in the tax books of those days, consequently the labor of tracing an individual name through seventeen volumes so as to find the full amount of his taxable property is very great. I went far enough, however, to become convinced that the real estate of New York City was very much more concentrated in 1840 than it is at the present time.

To illustrate : I found twenty-five names and estates assessed for \$32,000,000 of real estate. These twenty-five individuals and estates then owned about 18 per cent. of the assessed value of the real estate of the whole city, which at that time was \$174,000,000.

In 1894 the assessed valuation of the real estate of the whole city was \$1,562,582,393. The compiler of the

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figures in the *Herald* says that 177 individuals and estates own \$474,085,000 of this amount, but I find that instead of 177 names and estates, 183 are tabulated in that communication, and their wealth all computed to make the total claimed.

Then I find, as before shown, that the compiler has added 40 per cent. to the larger holdings and nothing to the smaller.

Let us base our calculation upon the assessed valuation of all, which is as fair for one class as for the other. The result will then be that in 1894, 183 individuals and estates were worth \$284,451,000 of the assessed value of the real estate of the city, which amounts to about 18 per cent. of the whole.

The fact then is, that twenty-five individuals and estates owned as much of the real estate of the city of New York in 1840 as 183 own at the present time, or in 1894.

The population of New York City was 312,710 in 1840, and 1,891,306 in 1894.

The assessed value of the real estate of the city in 1840 amounted to about \$550 for each resident. Therefore, the \$1,280,000, which was the average wealth of the aforesaid larger holders in those days, was equal to that of about 2,327 of the smaller holders.

In 1894 the assessed value of the real estate amounted to about \$825 to each resident; therefore, the \$1,554,000, which is the average real estate wealth of the aforesaid 183 larger holders at the present time, is only equal to that of about 1,883 of the smaller.

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That is, while each of the larger holders of 1894 are able to purchase the holdings of only 1,883 of the smaller, each of the larger holders of 1840 were able to purchase the holdings of 2,327. Difference, 444.

These figures do not accurately represent the relative value of the larger and smaller estates and holdings of 1840 and those of 1894, but they approximate it, and, therefore, have a very important meaning.

The fact that twenty-five individuals and estates owned a larger proportion of the city of New York in 1840 than a proportionate number of the present population own; in other words, it being true that each of the larger real estate holders of 1840 could have bought the real estate possessions of 444 more of their neighbors than each of the 183 of the present larger holders can buy, proves that the real estate wealth of the great city is more evenly distributed at the present time than it was fifty years ago.

Let us suppose that Mr. Shearman's estimate as quoted by Mr. Dixon is correct, and that "several of the non-speculative estates have increased five-fold in less than forty years." What of it?

Suppose the entire 183 individual holdings and estates reported in the *Herald* to have increase five-fold in forty years. Does that prove that the few are absorbing the real estate wealth of the city? Not at all. For the all-important and all-sufficient reason, that while the value of the individual property and estates in question has increased about five-fold the wealth of the city has increased about nine-fold. So that instead of it being true that

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a few wealthy residents are absorbing the real estate of the city, the increase in the value of their possessions is not keeping pace with the increase in the value of the whole by nearly one-half. How many years will it require for the few to absorb the many at this relative rate of increase?

And what is true of New York City, is true of the country generally. In 1792 General Washington's property, of a little less than \$1,000,000, was equal to the property of a larger percentage of the people; and Washington could have purchased the possessions of more Virginians at that time than any five residents of the same State can purchase at the present time. What Washington's million could have accomplished in Virginia when he lived Girard's \$9,000,000 could have accomplished in Pennsylvania in 1840.

In 1848 John Jacob Astor's \$25,000,000 was a larger slice of the nation's wealth, and he could have purchased the possessions of a much larger percentage of the population of the country than John D. Rockefeller or any other rich American can purchase at the present time, and that, too, if we place the property of our wealthier citizens at the very highest popular estimate, which is unquestionably far above the true figure. These facts cannot be disputed. They are mathematical conclusions. The per capita wealth and the valuations of property as they appear in the census report is a demonstration of the truth of the aforesaid proposition.

Now let us turn again to the statement of the Rev. Thomas Dixon, based upon the figures of Thomas G. Shearman. He says: "In the distribution of national wealth

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one man in three hundred receives \$70 out of every \$100, while two hundred and ninety-nine men receive only \$30, which, if averaged, would amount to about ten cents each."

Now, instead of it being true that \$70 go to the few, while only \$30 go to the many, very much more than \$70 go to the many, while very much less than \$30 go to the few.

A statistical statement by H. V. Poor, concerning the income of railroads, is a good illustration of how small a percentage of income from business lodges in the hands of the few. See "Poor's Manual for the Railroads" for 1887, as follows:

"The rate per ton per mile for all the roads in the United States for 1865 equaled 8.06 cents, assuming the average rate of all to be that of the thirteen roads taken as representative lines. Had such rate been charged in 1887, the earnings of all from freight would have equaled \$1,218,214,727 greater than the amount actually received. . . . An addition of one mill per ton per mile upon the movement of 1887 would have increased the earnings from freight by more than \$60,000,000."

These two propositions, by the distinguished railroad statistician, are full of meaning. They absolutely annihilate the theory that the larger proportion of the income from corporations and heavy business concerns (Monopolies as they are called) lodges in the hands of a few. If the addition of one mill per mile on each ton of freight moved by the railroads would increase the income of the corporations more than \$60,000,000 in a single year, the addition of *two* mills per mile, would, of course, increase the income

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of the railroads more than \$120,000,000 per annum, which is more than the net profit of all the railroads of the United States.

It is demonstrated, therefore, that when the railroads charged three cents per mile for moving freight there remained permanently in their own hands less than two-tenths of one cent.

In other words, out of every \$30 earned by the railroads \$2 went to the few and \$28 to the many.

Now for the other proposition by Mr. Poor, to wit: The difference in the cost of freight in 1865 and in 1887 reached a total of more than \$1,200,000,000 in a single year. But let us assume that the average difference since 1865 has been only \$500,000,000 per annum. The saving to the people has therefore been about \$15,000,000,000, a sum larger by 50 per cent. than the present wealth of all the railroads in the United States.

What is true of railroads is true of corporations and large aggregations of wealth employed in the multitudinous business enterprises of the country. They are pouring wealth into the pockets of the many and increasing the opportunities of the masses to improve their condition.

It will be remembered that the compiler of the figures in the *Herald* said in substance that his estimate did not include corporations, but that it did include most of the larger estates. The inference natural from his statement is, that had he included corporations, the enormous concentration of wealth would have been all the more apparent. Let us see.

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Had he considered banking corporations, for example, he would have found the number in the whole city to be one hundred and thirty-one. These are great moneyed institutions, but they are owned by 19,994 individuals—one hundred and fifty-two to each bank. That is, 19,994 individuals have come together and agreed to loan money to the people. This is not a concentration of wealth in the hands of a few. It is a combination of capital for business purposes. It is nothing more nor less than a co-operative association.

Had the writer for the *Herald* seen fit to have included corporations other than banks in his table he would have found in the whole city 1,387. Assuming the number of shareholders for each of these corporations to correspond to the number of shareholders for each bank (one hundred and fifty-two), the total number of shareholders in the 1,387 corporations would be 210,814, which, added to the 19,994 bank owners, makes a total of 230,808 owners for the 1,518 corporations. Is this a concentration of wealth?

Now for the estates!

Of the 183 holdings tabulated in the *Herald*, 63 are estates. Some of them are quite large; but can it be truly said that these estates represent wealth concentrating in the hands of a few? On the contrary, they are wealth distributing among the many. To illustrate:

While the Astors have multiplied less rapidly than most families have, there are, nevertheless, more than fifty heirs to the estate. So that if the value of their whole property be really up to the popular estimate, the Astors are practi-

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cally worth little more than a million dollars each. And, comparatively speaking, *that is*, in power to purchase the holdings of neighbors, great and small, the richest Astor of to-day is no approach to the Astor of 1848.

If it be assumed that each of the other 62 estates tabulated by the *Herald* has as large an heirship as the Astors, they are practically the property of 3,100 individuals, whose average share of the estates in question falls below twenty thousand dollars.

How much more widely then, is the wealth of these estates distributed than it was when the death of those who first controlled them took place.

An All-wise Creator has made it natural for wealth to accumulate, and He has made it just as natural for wealth to scatter. Up and down and over the earth constantly travels the grim and irresistible messenger—Death. He strikes down rich and poor alike, and divides their hoards, great and small, among the living.

The wealth of the original Vanderbilt has been divided into about eighty parts. In twenty-five or thirty years the same great Leveler will subdivide it many times; and in half a century the colossal fortune of Cornelius Vanderbilt will be known only in history.

The same will be true of most of the other large fortunes of to-day. Nevertheless, more will come into existence, serve their purpose, and follow those that have preceded them as one generation follows another.

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CHAPTER V.

A NEW BOOK.

I had thought to let this volume close with the preceding chapter, but my attention has just been called to a new publication, the character and method of which has determined me to write the following criticism. The publication referred to is written by Prof. Charles B. Spahr, and bears the title, "The Present Distribution of Wealth in the United States." It is one of twelve works on Political Economy published by the Library of Economics and Politics, edited by Richard T. Ely, Ph.D., LL.D., Professor of Political Economy and Director of the School of Economics, Political Science and History in the University of Wisconsin. Dr. Spahr has been employed by Columbia and other institutions of learning to lecture upon the general subject of Political Science. A book coming from so responsible a source will of course attract public attention. I notice that Dr. Spahr is lengthily and confidently quoted in a goodly number of recent publications. In fact the work has been brought prominently before the country by a distinguished Republican senator (see Hon. Wm. E. Chandler's speech, *Congressional Record*, February 16, 1897, page 1,984), as follows :

"The writer of a recent essay on 'The Present Distribution of Wealth in the United States,' Prof. Chas. B. Spahr, sums up his conclusions as follows : There is constantly going forward in this

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country a concentration of wealth in the cities to the impoverishment of the country districts, and that in the cities there are forces constantly working toward a yet narrower concentration of wealth—as much more concentrated as it is greater than the wealth in the country. He asserts that, taking the whole country, the great body of the small property holders, embracing seven-eighths of the property-holding families, hold of the national wealth only one-eighth, while the wealthy classes hold five-eighths; that one family out of every hundred holds as much wealth as the other ninety-nine; that the average wealth of the families in the country districts is \$3,250, while in the cities it is \$9,000; but that the wealth of the East, including foreign holdings, with but 30 per cent. of the population of the country, amounts to thirty-one thousand five hundred millions of dollars, while the wealth of the West and the South, with 70 per cent. of the population, is thirty-three thousand five hundred millions. He says, in connection with incomes, that two-fifths of the product of industry goes to capital; that one-tenth of the families have as much income as the nine-tenths; that 1 per cent. of the families, the richest, at the top, have as much income as the 50 per cent., the poorest, at the bottom. In other words, that one-eighth of the families have more than one-half of the whole income of the people. . . . If these conclusions are to be relied upon—and they are carefully set forth and gravely defended—while it may not be patriotic to appeal for the votes of the poor against the rich, yet it will certainly be wise for the governing classes of this country to devote themselves, in hard and distressing times, to the alleviation of the burdens of the poorer classes.”

The nature and drift of Dr. Spahr's work is sufficiently explained in the foregoing remarks of Senator Chandler, and the power of his arguments is well attested by the fact

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that the Senator's practical indorsement of them before the highest legislative body in America called forth no protest from the distinguished Senators and economists who were present. All of which goes to confirm my earlier position that the belief that the results of a common industrial effort are centering more and more in the hands of a few permeates all classes of society, legislative bodies not excepted. I will pave the way to an analysis of some of Dr. Spahr's leading arguments by quoting the preface to his book, which reads as follows:

"This volume is written chiefly for the instruction of the instructed classes. The conclusions reached respecting the present distribution of property and incomes are in the main those which common observation has forced upon thoughtful men and women in the ordinary walks of life. *The writer has learned, and hopes to teach, that, upon matters coming within its field, the common observation of common people is more trustworthy than the statistical investigations of the most unprejudiced experts. Indeed he has come to believe that social statistics are only trustworthy when they show to the world at large what common observation shows to those persons familiar with the conditions described.*"

Dr. Spahr has written his book under the conviction that, to use his own words, "the common observation of the common people is more trustworthy than the statistical investigations of the most unprejudiced experts."

No considerate mind will question the value of common observation, but how frequently we find it at fault. As, for example, the common observation of the older class of

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the community, and indeed of all classes, is that human life averages less years now than it did in the days of plainer living, simpler tastes, fewer factories, and the more vigorous outdoor exercise of a hundred years ago, yet our vital statistics compel us to admit that the very opposite is true.

Common observation would lead us to believe that our globe is flat, and that the sun travels around the earth instead of the earth around the sun, but the tremendous reach of the telescope, the science and skill of the mathematician, and the carefully prepared figures of the astronomer force us to a different conclusion.

More or less failures have taken place every day from time immemorial. At some periods they have come upon the business world like an avalanche; one following the other so swiftly that the community has stood aghast and somebody—probably reckoning from common observation data—started the story that these failures amounted to 95 per cent. of all who engaged in business, and the world has so believed for many many years. But the Bradstreet Commercial Agency (see page 2, Bradstreet's Commercial Report, 1895) instituted a statistical investigation, requiring, to use their own words, the examination and re-examination of more than 1,300,000 individual firms and corporations throughout the country repeatedly, and the service of more than 125,000 correspondents at 78,809 cities, towns, and postoffices in the United States and Canada, and from this investigation we learn, to our very great surprise, that, of all who have entered business, the percentage of failures has only been about one-third of what we had supposed it

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to be, to wit—30 instead of 95 per cent. In other words, a careful statistical investigation has demonstrated that, regarding the percentage of failures to the number of persons entering business, common observation has been about 60 per cent. wrong, and might have remained so through all time, for aught we know, had not a statistical investigation dispelled the illusion.

While I drew my conclusions from common observation, I believed that the door of advancement was being closed in the face of the poor. I looked upon the costly structures in our large cities, for example, as wealth piled up to some day menace liberty, if, indeed, it was not already doing so. So far as I could gather, from glancing around, so to speak, the wealth of the country was concentrating in the hands of a few, but a careful statistical investigation made me know that "the common observation" of myself and the rest of the common people regarding the distribution of wealth was absolutely wrong.

All this has not made other important questions—currency, tariff, etc.—appear any the less important. But I have come to think that the question of the distribution of wealth and the true relation of the laborer and the capitalist, and the part each is performing in the work of life and the forward movement of the race, needs to be better understood, before an unprejudiced discussion can be had upon any other economic subject of great and general importance. And I must say, in all candor, that books written by men of unquestionable ability and integrity, but who assume certain premises to be correct, and as I have said

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in the first chapter of this work, conscientiously disregard, or pass lightly over, so many facts, which a more searching analysis would show to be truths of tremendous importance, even vital, are great hindrances to a speedy and amicable settlement of the main differences between the laborer and the capitalist.

Dr. Spahr does not dispense with statistics by any means ; indeed, he quotes them freely when they suit his side of the case, but ignores or dismisses them very unceremoniously when they do not support popular opinion, or, to use his own words, "when they do not show to the world what common observation shows," etc. I can but feel that through this belief dominating Dr. Spahr's mind, he has reasoned so loosely, and drawn conclusions from data so incomplete and untrustworthy, as to render his elaborate essay worse than valueless as an economic work. This is strong language to use against an authority so lately cited by a distinguished legislator before a Senate that seemed not to question the conclusions quoted. Nevertheless let us examine :— When I discussed the savings banks, on pages 173–4–5 of this work, I felt that I had illustrated an encouraging, but not generally understood, truth regarding the power of the thrifty toiler to save. And also did I feel that the savings-bank statistics there tabulated were a complete refutation of the theory advanced by Dr. Strong, whose arguments I was then criticising. Why was I not right? The number and aggregate amount of savings bank accounts are increasing much more rapidly than the number of very rich people or the percentage of their wealth. This being true,

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now can it be said that the rich are getting a larger and larger share of the national income? However, here we encounter one of Dr. Spahr's leading arguments, which he introduces early in his essay. See page 58 of his work, as follows:—"The conclusions reached by the Massachusetts Labor Bureau, under General Oliver, are incontrovertible. Great as are the benefits conferred by the savings banks upon the more thrifty wage-earners, the bulk of the deposits belong to a comparatively small class of the rich and well-to-do citizens."

Here I find a foot-note referring to a report by the Labor Bureau of Massachusetts for 1872-3, in which Dr. Spahr writes as follows:

"The conclusions especially indorsed are the following (Report 1878, p. 228): 1. That persons not wage-earners are depositors to at least one-half of the total amount deposited. 2. That, as a rule, wage labor deposits average under \$50 at one time. 3. Manufacturers, traders, and lawyers use these banks instead of banks of deposit. 4. That capitalists, persons living on their incomes, use these banks to escape taxation and the care necessitated by other investments."

To these statements Dr. Spahr appends the following:

"The deposits made (at one time) in ninety savings banks were classified as follows:"

Deposits under \$50 at one time,	167,601
Aggregate,	\$3,875,379
Deposits between \$50 and \$300 at one time,	70,002
Aggregate,	\$8,597,877
Deposits over \$300 at one time,	16,426
Aggregate,	\$11,798,256"

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Dr. Spahr thinks the money deposited in savings banks by the rich and well-to-do classes amounts to more than one-half of the whole, and he has submitted the table just quoted as proof; the argument being, of course, that the wage-earner and the common people cannot possibly command such large sums as are there shown to have been deposited at one time. Let us inquire.

The reader will observe, if he analyzes the table, that the \$3,375,379 deposited by 167,601 persons amounted to an average of \$20.13 to each depositor. The \$8,597,877 deposited by 70,002 persons amounted to an average of \$122.80 to each depositor. The \$11,973,256 deposited by 16,426 persons amounted to an average of \$728 to each depositor. In other words, speaking in round numbers, 167,000 individuals deposited less than \$50 at one time, 70,000 individuals deposited between \$50 and \$300 at one time, while only 16,000 individuals deposited more than \$300 at one time.

During a recent conversation with a real estate dealer he pointed out a beautiful ridge of land where upward of a hundred lots had been surveyed and sold. Of these lots a very large majority were bought a few years ago by poor men. In fact, the agent stated that more than 90 out of 103 had been sold to poor and comparatively poor people; some of them clerks, but wage-workers nevertheless. A few had built upon their land, while others had sold at an advance.

It is not uncommon for a poor man to purchase a lot for from one to three hundred dollars, pay for it in weekly or

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monthly installments, and sell it for from five hundred to a thousand at the end of five years, more or less.

Therefore, we see that a great many wage-earners necessarily have \$300 and a \$1,000 or more to deposit in savings banks at one time. Again, consider how few of these larger deposits are required to make up the proportion tabulated by Dr. Spahr, there being in round numbers only sixteen thousand of the larger, against two hundred and thirty-seven thousand of the smaller.

Dr. Spahr says that manufacturers, traders, and lawyers use the savings banks. If there is a grain of truth in this, it is a very small one. The amounts deposited, even the larger class, average altogether too small to indicate any considerable use of the savings banks by the rich, whether they be manufacturers, traders, lawyers, or what not.

So far as manufacturers, traders, and lawyers use the savings banks, they are very generally of the poorer classes; and these probably own a great majority of the larger one-time deposits. In the line of manufacturers may be mentioned such persons as custom shoemakers, tailors, milliners, harness-makers, men engaged in cabinet-making in a small way, etc., who either work alone or employ a hand or two. There are of these a great many. They are found all through our cities and towns. They probably occupy a greater number of small business places than the rich occupy of the larger. They are a thrifty, intelligent class of people; most of them are comparatively poor, some are poorer than many of the wage-earners. Nevertheless, as a

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rule, they aspire to independence, some to large fortunes. It will not be denied that a goodly number of these people, if not already paying for a home, are saving money for that purpose. As a class they are sure to use the savings banks, more or less.

Then consider the poorer class of traders, shop-keepers, people who buy and sell goods on a small scale. The business places occupied by these trading, and in a sense speculative, men and women, probably equal the larger in the point of numbers; at any rate, there are a great many of them; and all that has been said of the small manufacturers can be as truthfully said of the small traders. They are, as a rule, intelligent and thrifty; they are educating their children, accumulating property, and hopefully aspiring to larger quarters and a more extensive business. In short, they are where most of our distinguished business men were twenty or thirty years ago. Couple these with the small manufacturers already described, and we have two large classes of people whose savings-bank deposits are not confined to fifty, three hundred, nor even a thousand dollars. And how few of these people need to deposit above \$300, or as high as \$728, to equal the number of larger one-time deposits held by the savings banks.

Then consider the lawyers. Rich lawyers may have deposited money in savings banks, but that they have done so to any considerable extent is not true, as we shall see further on. The lawyers who patronize the savings banks are generally of the younger class, many of whom have struggled through college, largely on their own earnings

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derived from teaching, clerking, and the like. Of the more than fifty thousand towns and cities in the United States, there are very few that do not contain at least one of this class of lawyers, and the larger cities have a great many of them. Not a few of these men have a home or some other property in view which they wish to purchase, and they are saving money for that purpose. One conducts a law suit, for example, wins his case, and a hundred or a thousand dollars, more or less, is the pecuniary reward, and the savings bank is generally the first receptacle.

Now, when we consider the great number constituting the three classes just described, to wit, the small manufacturers, the small traders, the younger and poorer lawyers, and consider the nature of their business transactions, the sums of money they are liable to handle, and, in fact, are known to handle, is it not a rational presumption that they are capable of depositing, and, indeed, have deposited, the bulk of the larger one-time deposits in the savings banks?

But fortunately for the great principle involved in the savings bank question, we are not obliged to dismiss this subject without more reliable evidence. There is expert testimony at hand, which ought to settle the question as to who owns the bulk of savings bank deposits. I refer to the testimony of bank managers. Should you ask a savings bank officer: Who owns the bulk of money in your bank?, his answer would be, the poor and comparatively poor.

If you ask how he accounts for so many large one-time deposits, he will ask what you mean by so many large one-

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time deposits, since the records show that only about six persons have deposited about \$300 at one time, while about ninety-four persons have deposited from \$300 down.

Again the banker will tell you that a goodly number of his larger one-time deposits result from deaths in families where the husband, or the wife, or both, have been depositors, and at the same time carried a life insurance policy. The decease of either of these naturally brings one of the larger one-time deposits to the savings bank.

Again, owing to statutory restrictions placed upon savings banks, those institutions do not want rich people's money. The statutes of the State of New York, for example, forbid the savings banks to pay interest on sums above \$3,000 deposited by one person, whether said sum be deposited in larger or smaller amounts. The Bowery Savings Bank, which, by the way, holds the largest amount of money in deposit of any savings bank in New York, or in the world, for that matter, refuses to receive above \$500 in one year from any one person. The savings banks are very much restricted in their operations, and their existence depends upon their complying with the statutes. In the first place, they are forbidden to purchase the bonds of any state which has within the last ten years defaulted on any part of its indebtedness. And even the best of improved real estate cannot be received by savings banks as security for loans at more than 50 per cent. of its market value, and unimproved real estate at not more than 40 per cent.

Then, too, the savings banks are not allowed to hold a cash

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surplus of more than 10 per cent. (I am referring to the New York savings banks); that is, they must keep their money loaned out so as not to have more than 10 per cent. of the total deposits remaining in bank. Thus it is seen that the kind of security they are obliged to seek, and the necessity of keeping their money loaned, compel the savings banks to exercise great care in receiving deposits. Remove these restrictions, and savings banks would very soon become commercial institutions like other banks.

The leading facts regarding the banks in question were concisely stated by a controlling officer in one of the New York savings institutions, when he spoke to me substantially as follows :

“ I do not doubt that rich people have some money scattered in savings institutions. They sometimes deposit under names other than their own ; but we have all we can do to loan what money the poor people deposit with us on such security as the law compels us to demand. If we were to allow the rich to deposit their surplus money in our banks, it would very soon render it impossible for us to pay such rates of interest as would make it desirable to deposit money with us. Thus, you see, we do not want the rich and the rich do not want us.”

The facts I have hereset forth, regarding the ownership of savings bank deposits, are corroborated by the very best authorities in New York and Brooklyn ; among which are :

The East River Savings Institution, chartered 1848. Amount due depositors January 1, 1897, \$12,540,814.10.

The Dime Savings Bank of Brooklyn. Amount due depositors January 1, 1897, \$21,772,848.17.

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The Brooklyn Savings Bank, incorporated 1827. Amount due depositors July 1, 1896, \$30,839,066.39.

The German Savings Bank, New York, opened July 1, 1859. Amount due depositors July 1, 1896, \$37,025,809.84.

The Immigrant Industrial Savings Bank, New York. Amount due depositors January 1, 1896, \$49,649,731.86.

The Bank for Savings, New York, chartered 1819. Amount due depositors January 1, 1896, \$51,254,888.10.

The Bowery Savings Bank, New York, chartered 1834. Amount due depositors January 1, 1897, \$57,556,106.66.

In conversing with an officer in one of these institutions regarding the fact that rich men are apt to give their wives, daughters, and sons pin money, so to speak, sometimes a hundred dollars, sometimes a thousand or more, and that the recipients are likely to deposit these sums in savings banks, where they will draw interest for a time, the bankers admitted that such was the case, but said that the sum total of such deposits amounted to very little, when compared to the total deposits coming from other sources. To the question, "Is it not possible that one-fourth of the sum total of savings bank deposits belongs to the rich and well-to-do classes?" the general and prompt reply was, "No, not one-tenth." One banker said it might be possible that one-fourth of the deposits of some savings banks belonged to the rich and well-to-do classes, but that he had never known of such an instance. He thought that one-tenth would more than cover the average amount of savings bank deposits owned by the rich and well-to-do.

Therefore as regards the ownership of moneys deposited in savings banks I can but regard Dr. Spahr's position as

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absolutely demolished by facts showing that there are plenty of people capable of making and likely to make the larger one-time deposits without crediting the bulk, or any considerable amount, to the rich ; and again by the restrictions under which savings banks exist and are compelled to do business. And last, but not least, is Dr. Spahr's position overthrown by the expert testimony of disinterested witnesses—those who have direct knowledge concerning the matter in dispute—in fact, the only persons absolutely qualified to testify in the case. I refer to savings bank officers, who have nothing to gain, pecuniarily or otherwise, by suppressing or misrepresenting the facts.

CHAPTER VI.

SURROGATE ARGUMENT.

Dr. Spahr does not rest his case against our savings bank theory with his larger one-time deposit argument; far from it; he produces Surrogate Court records and he makes them count more for his side than all the rest of his data. In fact, if the Surrogate Court argument was stricken from Dr. Spahr's essay, the strongest prop would be gone from one of the most skillfully written and dangerously misleading books I have ever read. I use the word "dangerously" because a book emanating from such a source that furnishes unusually plausible argument in support of the theory that an exceptionally powerful class of citizens are receiving a share of the general income which is out of all

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honest and safe proportion to the benefits the public are receiving from them, can but inflame the public mind more or less, however scholarly and pleasantly such book may be written.

It cannot be said of Dr. Spahr, however, that he makes the slightest effort to incite disorder. He simply writes like one deeply impressed with the justice of his cause, and supports his common observation theory with data which those who have not studied the subject searchingly (and that means a large majority of the people), will regard as perfect proof of the soundness of his position; hence the danger of his book. The data to which I refer, are of course, the Surrogate Court reports. On pages 57-8, after stating that two-thirds of the families in New York City are without property, Dr. Spahr writes as follows:

“This conclusion, though it is that which common observation has forced upon every one familiar with the east side of New York, shows how utterly fallacious is the savings bank argument, so frequently employed by conservative statesmen and economists. *In New York City the number of savings bank accounts is nearly twice as great as the number of families. Generally speaking, every savings bank account must pass through the Surrogate Court on the death of its owner, yet two-thirds of the families not only possess no savings bank account, but no registered property of any description.*”

On page 55 of his work Dr. Spahr says he selected three months, ending December, 1892, and procured reports for those months from the clerks of the Surrogate Courts in various parts of the State of New York. And

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on page 56, he refers to what took place in New York City within that time as follows :

“ During the three months 2,500 men over twenty-five years of age died. If they owned any registered personalty, *even the smallest amount in a savings bank*, their estates had to pass through the Surrogate's Court before reaching the heirs. Yet, the whole number of estates entered was less than one thousand, and the whole number of estates left by males was barely six hundred. In other words, only one-fourth of the men who died left any property whatever, except their clothing and household furniture.”

What can be more convincing to the general public than the Surrogate records, as Dr. Spahr has presented them ? The average reader will reason that while a man is still alive he may quibble about his wealth, or conceal the facts to escape taxation, etc., but that after death has overtaken him an inventory of his effects takes place, and his savings bank account, if he has any, must pass to the heirs through the Surrogate courts ; and that the number and amount of the accounts there found upon the records must indicate the number and amount of the accounts remaining among the people, precisely as the number and amount of the estates there recorded might be supposed to indicate the number and amount of the estates remaining among the people. There can be no mistaking the author's meaning. He intends to have his readers feel that substantially all savings bank accounts of deceased persons reach the heirs through the Surrogate courts, and that said savings do not exist among the masses in any such sum or sums as appear to be indicated by the bank and government reports.

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Does Dr. Spahr doubt the existence of savings bank accounts as reported by the banks and by the government? What object have the officers of banks in reporting the names, residences, etc., and crediting sums of money to persons who have not deposited it in the bank? And why should the bank commissioner, an officer of the State, and the government statistician, report accounts that do not exist? People may, and will, draw such conclusions from the number and amount of savings bank deposits reported, as their varying judgment and meager knowledge of facts and circumstances may dictate; but as to the number and total amount of savings bank accounts the official reports can no more be questioned than the number and location of the banks themselves can be questioned. It must be, therefore, that if Dr. Spahr's investigation of the Surrogate books of New York City has not revealed a sufficient number of savings bank accounts to justify the belief that such accounts exist among the people, both in number and in amount according to the reports, there must be some reason or reasons for it, which he has either overlooked or does not understand.

Let us look into the matter.

In the first place Dr. Spahr has confined his figures to persons over twenty-five years of age, and whoever will stop to think must know that thousands and hundreds of thousands of savings bank deposits are made by people under twenty-five years of age. We also know that more or less of these people die. Yet Dr. Spahr has entirely omitted them from his list; he passed them by when he

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canvassed the Surrogate records for inventoried estates.

One reason, then, why he found so few savings-bank accounts passing through the Surrogate Courts in New York City was because he took no note of those who, taken together, probably constitute a larger number than any other one class of savings-bank depositors, to wit: Persons under twenty-five years of age.

Again, no one pretends, or at least no one ought to pretend, that New York City people alone have savings-bank accounts numbering nearly two to each family. Tens of thousands of the savings-bank accounts in New York City belong to people living in outside districts, who would rather risk their savings in the older and larger banks of New York City than in the newer and smaller institutions in their own neighborhood.

Of course, the estates of these people are never probated in New York City. Here, then, is another powerful reason why Dr. Spahr found so few savings-bank accounts upon the Surrogate records of New York City.

Again, the savings-bank accounts that appear upon the Surrogate records of New York City cannot be taken to indicate even the number or amount of such accounts remaining in the hands of the people of that city, for the all-sufficient reason that no mortal man has any idea, nor is there any data that can inform him concerning the percentage of the savings-bank accounts of deceased persons that do not pass through the Surrogate Courts.

As for example, savings-bank depositors, being poor or comparatively so, are very liable to have their savings

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heavily drawn upon, if not entirely consumed, during a sickness of any considerable length. At all events, when a savings-bank depositor dies, the chances are many that his or her savings are withdrawn and disposed of, or that such other provision has been made that what remains in bank is paid over to some duly authorized agent of the deceased without the trouble and expense of court proceedings. In short, the rational inference from all the facts is, that a very small percentage, even of the savings-bank accounts of deceased depositors, are ever known to Surrogate Courts. Here, then, we have a third powerful reason why Dr. Spahr found so few savings-bank accounts recorded in the Surrogate Courts of New York City, while her savings institutions were rejoicing over a marvelous number, aggregating an amount that might be truly called prodigious.

What meaning can the Surrogate records of New York City, or, indeed, of any other city or locality for that matter, have concerning savings-bank accounts in the country at large? In Massachusetts, in 1887 (see page 173, this work), 150,274 persons opened savings-bank accounts, while 107,415 persons closed their accounts. And if we refer to the savings banks of the whole country, we find that the proportion of new accounts to the whole amounts to 15.9 per cent. per annum, while the accounts closed amount to 11.4 per cent. per annum of the total number of accounts; the difference in the number of accounts opened and the number closed was therefore $4\frac{1}{2}$ per cent.

The number of savings-bank accounts in the whole coun-

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try in 1896 was, in round numbers, about 5,000,000. If we take the percentage of accounts closed with the savings banks of Massachusetts as a basis, we find that the accounts closed in 1896 amounted to about 570,000. The death rate for the cities of the country, where most of the depositors reside, averages a little less than two per cent.; therefore, if the death rate was normal, about 100,000 of our savings-bank depositors died during the year (1896). If all of these 100,000 accounts had passed through the Surrogate Courts, there would still be left approximately 470,000 accounts that disappeared in a single year, but which did not, nor could not, and in fact never can, pass through the Surrogate Courts, for the all-sufficient reason that they have been closed and the money withdrawn by the owners and invested in business or otherwise disposed of without any reference to Surrogate Courts. This fact demonstrates, even to a mathematical certainty, that at least eighty-three out of every 100 savings-bank accounts do not pass through the Surrogate Courts, and from this we know that the Surrogate records, as presented by Dr. Spahr, do not indicate even approximately the number or the total amount of savings in the hands of the people, rich or poor.

CHAPTER VII.

THE SURROGATE ARGUMENT AS APPLIED TO PROPERTY OTHER THAN SAVINGS-BANK ACCOUNTS.

We have seen how the Surrogate records fail to illustrate the facts regarding the distribution of savings-bank

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accounts. Let us now inquire whether or not they indicate the distribution of property other than savings-bank accounts. On page 57 of Dr. Spahr's work, he says :

"If the death rate was normal during the period covered, the returns indicated about one hundred and ten thousand property-owning families. The whole number of families in the city (meaning New York) was three hundred and thirty thousand. In other words, two-thirds of the families are, in a strict sense of the word, propertyless."

That the reader may be able to judge the more intelligently regarding the value of Dr. Spahr's basis for calculating the general distribution of wealth, I will quote (although I have quoted it before) a portion of his remarks, on page 56 of his work, as follows :

"During the three months 2,500 men over twenty-five years of age died. . . . Their estates had to pass through the Surrogate's Court before reaching the heirs. Yet, the whole number of estates entered was less than one thousand, and the whole number of estates left by males was barely six hundred. In other words, only one-fourth of the men who died left any property whatever except their clothing and household furniture."

It will be observed that this calculation concerning the property-owning families in New York City is based upon the probated estates of males without any reference to females.

This appears to me very strange, not to say reckless, for on page 177 of Dr. Spahr's own work he has tabulated the inventoried estates in Massachusetts from 1859 to 1861, and those tables show that of the whole number of the estates

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probated during those years, females owned more than one-third—to wit: males, 5,103; females, 1,819.

I have shown that the corporations of Massachusetts have a great many female shareholders. And it will be remembered (see page 173 this work) that more than half ($50\frac{1}{4}$ per cent.) of the total amount of savings-bank deposits in Massachusetts were owned by females.

In a recent conversation with Mr. Joseph Brooks, 127 Broadway, New York, who is the Vice-Manager of the celebrated Sherman Park property in the suburbs of that city, he told me that at auction and other sales of real estate in New York nearly one-half of the buyers are females. But what is still more conclusive, and to the point, are the figures which appear in another part of Dr. Spahr's own book. In a foot-note on page 56, regarding the Surrogate records of New York City, he writes as follows:

“For the entire year, 1893, more exact statistics can be given. The number of estates (testate and intestate) admitted to probate, was 4,892. Of these 62 1-2 per cent., or 3,047, belonged to men.”

Take notice: $62\frac{1}{2}$ per cent. of the estates that passed through the Surrogate Court of New York City in 1893 belonged to men. Of course then the other $37\frac{1}{2}$ per cent. belonged to women. Or, to state the same proposition in another way, the year that witnessed the death of 3,047 property-owning males, witnessed the death of 1,845 property-owning females. And the question arises, if these deceased male property owners indicate about 110,000 property-owning families, as claimed by Dr. Spahr, how

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many property-owning families do the deceased females indicate? In other words, why is not a female property owner as likely to indicate a property-owning family as a male? Or, does the sex make a difference? Now, if we take the property-owning females into account (and, pray, why should we not?), the Surrogate's records indicate not 110,000 property-owning families in New York City, but 176,000, which is 11,000 more than one-half, instead of about one-third, as estimated by Dr. Spahr.

Let us reason a moment at this point. Suppose, for the sake of the argument, that the estates, great and small, of all deceased persons passed through the Surrogate Court. It would then follow that the size and number of the estates there recorded would indicate the size and number of the estates remaining in the hands of the living. As, for example—if when one thousand of the inhabitants of a county have died, it is found that five hundred estates have passed through the Surrogate Court, we have a right to infer that half of the people who are still living in that county have registered property also, for the very good reason that one-half of those who have died are shown by the Surrogate records to have had registered property. But then: if we offer such records as indicating the proportion of the population owning registered property, it must be understood that such records have been correctly kept. Or, if we offer a copy in evidence, it must be an exact duplicate of the original. For, if the copy contains more names than the original, it then follows that persons owning registered property are thereby made to appear too many. On the other

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hand, if the copy contains less names than the original record, persons owning registered property are made to appear too few, and the latter is precisely what results from Dr. Spahr's presentation of the Surrogate records. The copy he offers in evidence, and upon which he estimates the number of property-owning families in New York City, contains $37\frac{1}{2}$ per cent. fewer names than the original records contain. By not taking the female property owners into account, out of every five deceased property owners he omits two. Out of every 100 he omits thirty-seven. Therefore, Dr. Spahr's handling of the Surrogate records for America's great metropolis exaggerates the number of poor, and makes the property-holding class appear very much smaller than it really is. In short, the data omitted by Dr. Spahr render his calculation absolutely valueless so far as it relates to the distribution of wealth in the city of New York.

CHAPTER VIII.

THE COUNTRY AT LARGE.

To ascertain the general distribution of wealth, Dr. Spahr relies upon certain localities, which he regards as typical of the whole country.

Regarding his canvass of thirty-six counties in the State of New York in 1892, he writes (see pages 62-3 of his work) as follows:

"The Surrogate records in many of these are most incomplete. Where every one knows to whom real estate belongs, it is not so

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essential that estates containing only realty shall pass through the Probate Court in order that the title of the heirs may be unquestioned. Furthermore, in some of these counties it was found that no statement had been required of the value of the realty in the estates which were brought into the courts. Fortunately, however, in a few farming counties, the records were in good condition, and the best brought out clearly what the others indicated. The returns were as follows for five typical counties, containing no city and no village of over 4,000 people:

"RECORD FOR MADISON, HERKIMER, WYOMING, CHENANGO, AND
SCHOHARIE COUNTIES, OCTOBER TO DECEMBER, 1892.

	Number.	Realty.	Personality.	Total.
\$50,000 and over	3	\$ 56,000	\$195,000	\$251,000
\$50,000 to \$5,000	60	334,475	288,688	623,163
Under \$5,000	149	243,525	221,733	465,258
	<hr/> 202	<hr/> \$634,000	<hr/> \$705,421	<hr/> \$1,339,421

"As the number of families was but 38,000, the record showed that nearly three-fourths of them owned registered property."

This calculation makes it appear that, in the five counties named, there are only three estates to every four families. But, fortunately, we have data that clearly demonstrate the fallacy of that proposition. Let us examine.

The death rate in the community where the estates were probated must be relied upon to test the accuracy of Dr. Spahr's calculation. The annual death rate in the cities of New York and Brooklyn was, according to the eleventh census, 27.55 to every one thousand of the population, or 2 3-4 per cent. In New York State, outside of the cities of New York and Brooklyn, the annual death rate was 16.08

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to every one thousand of the population, or 1 6-10 per cent., and in the nation at large the annual death rate was 14.10 to every one thousand of the population, or 1 4-10 per cent. The counties selected by Dr. Spahr, viz., Madison, Herkimer, Wyoming, Chenango, and Schoharie, are, as he says, purely agricultural, containing no city or village of over 4,000 inhabitants. These counties are also healthful above the average, therefore the death rate is low; undoubtedly lower than in the State at large, where all the cities are included. However, we will place the death rate in the aforesaid counties at 16.08 to each thousand of the population, or 1 6-10 per cent., which corresponds to the average death rate in New York State outside of the cities of New York and Brooklyn. The population of the aforesaid five counties, according to the State enumeration made in 1892 (see World Almanac, 1896, p. 373), was 187,332, which, divided by five, gives us 37,466 families, which is 534 less than Dr. Spahr's estimate of 38,000. However, we will let his estimate stand for the families of the five counties.

If the death rate was normal (1 6-10 per cent.), the year 1892 witnessed the death of 3,012 persons in the five counties. If 202 estates were probated in three months, or 808 during the year, as Dr. Spahr's table indicates, the number of probated estates was to the number of deaths as 1 to 3 72-100, or, allowing five persons to a family, the number of estates to the number of families would be as 5 to 3 72-100, or 51,075 registered estates to 38,000 families. Therefore, instead of it being true that the probate records

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indicated that the number of registered estates in the aforesaid counties were one-fourth *less* than the number of families, they indicated that the number of estates was one-third *greater* than the number of families. Or, to state the same proposition in still another way, Dr. Spahr's deduction from the Surrogate records is that the five counties named have only 29,500 registered estates, while I deduce from the same records that these counties have 51,075 registered estates. Difference in calculations, 21,575, or about 73 per cent. The difference in our calculations results from the difference in estimating the death rate. Dr. Spahr must have figured, undoubtedly through oversight, the death rate for those counties at about 27 40-100 to every 1,000 of the population, which is approximately the rate in New York City and Brooklyn. But it is 73 per cent. too high for the rural districts of New York State. This, you see, must throw him 73 per cent. out of the way in his estimate of the number of property holders indicated by the estates probated. In other words, by reckoning the death rate 73 per cent. too high, he has estimated the registered estates 73 per cent. too low.

But, suppose Dr. Spahr had estimated the death rate correctly, what would have been the result of his figures? What has been the result of my figures? Have I learned sufficient about the number of estates to be able to form a satisfactory opinion regarding the comparative amount of property in the hands of the different classes of people in the counties named? Not at all; I have learned that Dr. Spahr's estimate of the number of property holders is too

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low. But the element in the problem—the one set of figures that would lead to positive knowledge or enable me to approximate the comparative holdings of the different *classes* of people in the aforesaid counties—is entirely absent from the Surrogate records. I refer to the estates of deceased persons that *do not pass* through the Surrogate Courts. Unless I have a tolerably perfect knowledge of the number and total amount of these, I have no index to either the whole number of estates or the proportionate value of property held by the two classes commonly denominated rich and poor.

A word from Dr. Spahr shall introduce the remainder of my arguments upon the Surrogate record theory.

On pages 64–5 of his work, he has written as follows :

“The small holdings of real estate should be increased about one-half, because of the failure to record real estate in rural counties. It is chiefly the small holdings of realty that fail to be recorded.”

The fact that small holdings are not as generally probated as the larger has a meaning of very great importance, which I shall consider more at length further on.

On page 69 of his work Dr. Spahr writes as follows :

“Less than half the families in America are propertyless. Nevertheless seven-eighths of the families hold but one-eighth of the national wealth, while one per cent. of the families hold more than the remaining ninety-nine.”

Following the above statement is a foot-note, in which the doctor says :

“Since the completion of this study, a volume has appeared which must set at rest all question as to the extreme moderation of the estimates reached.”

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The volume referred to by Dr. Spahr, and which he thinks must set at rest all question as to the extreme moderation of his estimates, is the report of the Massachusetts Labor Bureau. He quotes from Part II of the Report of that Bureau for 1894, showing the number of estates probated in the three years 1889, 1890, and 1891, to have been 14,608, and the value thereof \$155,558,788.

My claim is not that the Surrogate records are false in themselves, or that they do not serve the purpose for which they are kept, viz., to establish the validity of claims, as for example: When an owner of an estate dies, with or without a will, if the estate be of the larger class, the heirs naturally desire such a public record of the way the property is divided, that their legal claim to a specified portion or piece thereof cannot be questioned in the future. With the smaller estates, a public record is not so important; in fact, it is as Dr. Spahr has stated, in substance (see quotation, page 258). Owing to the lesser amount involved, the heirs are more likely to settle matters among themselves, and the Surrogate Courts are less frequently employed. Then, too, consider how many estates are disposed of by deed, etc., when death is supposed to be nearing. Within the last few days a New York physician remarked of a patient that he had transferred his property in anticipation of his demise. Of the great number of estates disposed of in this way, the Surrogate Courts have no record. This fact, coupled with the further fact that the smaller estates fail to be probated much oftener than the larger, is sufficient to show the worthlessness of the Surrogate records in

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a discussion like this. Yet the following argument will be useful as a mathematical demonstration, to wit: We know from unquestioned and unquestionable statistics that the average length of life in the United States is about 33 1-3 years, which means that death compels all the wealth of the country to pass from owners to heirs approximately *once in the course of every 33 1-3 years*. This is at the rate of 3 per cent. per annum for all property. Now, the value of the State of Massachusetts in the years named by Dr. Spahr was, according to the census of 1890, \$2,803,645,447 (see abstract 11th census, page 192). According to Dr. Spahr, there passed through her Surrogate Courts during these three years the sum of \$155,558,788; or, \$51,852,929 per annum. But mark you, *death* distributed to heirs in Massachusetts during these same three years the sum of \$252,328,090, or \$84,109,363 per annum. Therefore, we see that about 38 per cent. of the value of the estates in question was not probated. In other words, for every ten thousand dollars of the property of deceased persons that passed to the heirs through the Surrogate Courts of Massachusetts during the three years named there were about six thousand two hundred and twenty dollars that reached the heirs without passing through the Surrogate Court; thus demonstrating even to a mathematical certainty, that only a little more than three-fifths (62 per cent.) of the property of deceased persons passes through the Surrogate Courts, even in the sturdy and thoroughgoing old commonwealth of Massachusetts.

Now, when we thoughtfully consider this fact, together

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with the further fact that the property that fails to be recorded in the Surrogate Courts is very generally the holdings of the poorer classes, we are not left to guess, or conjecture; we know that the Surrogate Courts which have no account of either the number of estates, or the proportion of the people's property that is never probated, cannot be relied upon to indicate the comparative amount of wealth now in the hands of the different classes of American citizens.

However, as a clincher for his Surrogate argument, Dr. Spahr has quoted a table from the report of the Massachusetts Labor Bureau. It is the report previously referred to which he regards as certain to set all question to rest as regards the moderation of his estimates. It appears on page 69 of his work as follows:

"INVENTORIED ESTATES IN MASSACHUSETTS, 1889-1891.

	Number.	Value.
Under \$5,000,	10,152	\$16,889,479
\$5,000 to 50,000,	8,947	53,489,893
50,000 and over,	509	85,179,516
	<hr/> 14,608	<hr/> \$155,558,788"

The most important part of Dr. Spahr's remarks concerning this table are as follows:

"The estates of \$50,000 and over aggregated 55 per cent. of the total amount of property; while estates less than \$5,000 aggregated but 11 per cent. of the total. Additional value is given to this Massachusetts report by the fact that a similar investigation was made of the probate records for the years 1879-1891, 1859-1861, and 1829-1831, and the results published."

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Take notice the records quoted by Dr. Spahr are, according to his understanding, rendered more important by the fact that similar investigations have taken place before, and the facts published. Candidly, reader, of what value are such reports, since the records investigated have no data concerning at least 38 per cent. of the property of deceased persons. Nevertheless, Dr. Spahr has made his calculation for the distribution of wealth throughout the entire country from precisely this kind of data. On page 66 of his work he writes as follows :

“ The proportion holding over \$50,000 is exceptionally great in large cities, and exceptionally small in the country districts, but the proportion in the intermediate territory selected may be safely assumed for the entire nation. The table for the nation at large would therefore read :

	Number of Families.	Aggregate Wealth.
\$50,000 and over, . . .	125,000	\$33,000,000,000
\$50,000 to \$5,000, . . .	1,875,000	23,000,000,000
Under \$5,000, . . .	11,000,000	9,000,000,000
	<hr/> 12,500,000	<hr/> \$65,000,000,000”

Of course, this table does not take into account, as his former tables have failed to recognize, the 38 per cent. of the property of deceased persons that does not appear upon the Surrogate records. Then, too, it makes a wonderful difference with the appearance of results where the separating points are placed.

Let us now have a table with the 38 per cent. added, less \$1,221,011, which we will allow to the larger estates, some

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of which may also fail to be probated. This addition will change the ratio of property between the larger and smaller holders amazingly. Also let us place the separating points nearer together, and then study the results in comparison with Dr. Spahr's final calculation. I offer the following table as approximating the present distribution of wealth in the United States :

Under \$10,000		\$82,500,000,000	50	per cent
\$10,000 to	\$50,000	10,400,000,000	16	" "
50,000 to	100,000	4,875,000,000	7 1-2	" "
100,000 to	200,000	4,875,000,000	7 1-2	" "
200,000 to	500,000	6,175,000,000	9 1-2	" "
500,000 to	1,000,000	2,275,000,000	3 1-2	" "
1,000,000 and above.		8,900,000,000	6	" "
		<hr/>		
		\$65,000,000,000	100	per cent

These figures absolutely reverse Dr. Spahr's table, but it is simply and entirely the result of recognizing data which he has unfortunately overlooked, and of placing the separating points where he has not. In other words making the divisions and allotting to each class what surely belongs to it, so that the reader gets a true and not a false or exaggerated idea of the distribution of wealth among the property holding people. Instead of the masses owning so much less, as one would infer from Dr. Spahr's table, they own eight times more than the very richest class, fourteen times more than the second richest class, four times more than the third richest class, nearly seven times more than the fourth richest class, and we will let the story end with

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the repetition of the glorious truth that that class of our people whose individual estates amount to ten thousand dollars and less, own a share of the national wealth, aggregating, to say the least, as much as the wealth of all other classes combined.

Those who are sufficiently awake to the situation to realize the possible consequences of the increasing unrest arising from the belief that the masses are poorer because a few are rich, will be glad to know that our calculation regarding the distribution of wealth does not differ very materially from a calculation by the Chief Engineer of the Geological Survey for the eleventh census. I refer to Henry Gannett. In his work, "The Building of a Nation," he computes the wealth of the United States in 1890 at \$62,600,000,000 which he says is in the hands of the different classes of our people, as follows:

Millionaires	.	.	.	.	.	.	.	5	per cent.
\$100,000 to \$1,000,000	.	.	.	.	.	.	.	27	" "
10,000 to 100,000	.	.	.	.	.	.	.	25	" "
1,000 to 10 000	.	.	.	.	.	.	.	37	" "
1,000 and less	.	.	.	.	.	.	.	6	" "

It will be observed that Mr. Gannett's calculation shows those owning less than one thousand dollars to possess more wealth in the aggregate than the very rich (the millionaires), while only 32 per cent. is found in estates above one hundred thousand dollars. In fact, if Mr. Gannett had made seven divisions of his table, as we have done, it would have read nearly the same as ours, which was made without any reference to his.

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Now as to Mr. Gannett's calculation and that of Dr. Spahr's—one is based upon the Census reports rendered by officers of the Government, sworn to canvass every citizen of the United States and learn the value of all property; the other is based upon Surrogate records, which as a rule have no account of a very important percentage of the smaller holdings.

CHAPTER IX.

RAILROADS AND FARMS.

On page 40 of Dr. Spahr's work I find the following :

"The financial legislation and the tax legislation of the National Government have, however, been but two of the three great causes which have operated for the concentration of wealth during the present generation. Prior to the Rebellion, the railroads counted next to nothing in the national stock-taking. The greater part of the property of the country was still upon the farms. . . . To-day the railroads alone count for half as much property as the farms; and their securities are held exclusively in the cities."

Wealth is concentrating in railroads at the expense of the rural districts, is Dr. Spahr's understanding of the case. Numerous other writers are advancing the same ideas, and the masses are as a rule indorsing them. Railroad property is increasing rapidly, while the farming industry languishes, is the verdict of common observation.

For the sake of convenience, we will state figures in round numbers in the following propositions.

In 1860 the value of the railroads of the United States

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was about two billion. If the ratio of their indebtedness was then what it has been for the last twenty years (about one-half) the railroad property of 1860 was about one billion clear of debt.

In 1890 the railroads were valued at about eight billion (abstract of eleventh census, page 193); but their indebtedness amounted to about five billion, leaving the railroads of 1890 worth about three billion clear of debt; an increase from 1860 to 1890 of about 200 per cent.

The farm property of the country in 1860 amounted to about seven billion clear of debt. In 1890 farm property amounted to about fourteen billion clear of debt. In other words, while the railroads gained two billion clear, the farms gained seven billion. But the fact must not be overlooked that a tremendous war had taken place, which had resulted in great financial loss, for the time at least, to a large section of the country, which is almost exclusively agricultural.

The year 1870 found the South with \$3,300,000,000 less property than it had in 1860.

From 1850 to 1860, the South had gained in wealth at exactly the same rate as the rest of the country; therefore, had it not been for the war, her gain from 1860 to 1870 would have been \$6,200,000,000. Instead of that, however, she gained nothing, but lost \$3,300,000,000, making a difference against the South of nine and one-half billion.

If we allow one and a half billion of this to Southern cities, eight billion are left to be added to the property of

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the rural districts, which would make a clear of debt increase of \$14,800,000,000, or 213 per cent. In other words, all other things being equal and nothing extraordinary happening to either, the net increase in farms and farm property during the thirty years in question, has been about 13 per cent. greater than in that of railroad property.

No pretension is made to accuracy in this calculation, yet it approximates the truth very closely. There has been stock watering among the railroads, sometimes justly, sometimes unjustly, and money has found its way into the wrong pockets, and no doubt some men have become wealthy in that way. Yet, as a rule, railroads have not been exceptionally profitable to their owners, to say the least, while in very many cases they have been exceedingly disastrous. And when it is claimed that railroads, as a rule, are getting an undue proportion of the general income, the claim is not only unsupported by any reliable data, but it is absolutely contradicted by the experience of more than half a century. To those who insist that the railroads are absorbing the wealth of the country, I will submit the following from the most distinguished statistician of modern times. I refer to Mulhall. On page 500 of his Dictionary, he writes as follows :

“It may be roughly estimated that railroads, as a rule, have caused a saving to the public of each country equal to at least 10 per cent. per annum on the cost of construction.”

Take notice : The total cost of construction of railroads in the United States up to 1896, has amounted to about \$9,861,000,000. And the 10 per cent. annual saving to

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the people amounts to \$986,000,000 per annum ; which in the course of every ten years equals the total value of all the railroads.

Again, when we consider all the business transacted by the railroads and the profits accruing to them thereon, as we deduce them from "Poor's Manual of Railroads," we find that the stockholders of those roads receive profits of one cent for carrying a passenger seven miles, while a ton of freight is moved seventeen and a half miles for a profit of one cent, the balance of the prodigious sum of money paid by the people to the railroads for freight and fares going to pay fixed charges, and to defray expenses of one kind and another. And finally it ought to be stated that the highest dividends ever declared by the American railroads was in the year 1892, when they amounted to \$95,662,412. In other words, in the most prosperous year our railroad owners have ever known, their efforts and investments resulted in a gain of \$10 to the public for every \$1 that went into their own pockets. If this is concentrating the wealth of the country, farms or what not, in the hands of railroad owners, I confess I have not the ability to see it.

CHAPTER X.

RENTED FARMS.

Dr. Spahr has emphasized the familiar rented-farm argument by quoting competent authority (government statistics) showing the growing increase in the number of rented farms, and of farm tenants. Rented farms furnish

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a plausible and convincing argument for those who insist that the condition of the masses is growing less and less hopeful as compared with that of the capitalists.

There are more tenant farmers than formerly, but it is important to consider that the greater the number who come to desire farms, and the more successful in saving money farm hands become, the larger the number who will sooner or later become tenant farmers, not permanently of course, but then, a rented farm is a stepping-stone to the ownership of a farm.

Again, consider that about fourteen per cent. of our immigrants are farmers from the old world, who, as a rule, are obliged to be tenants before they can become owners; and right here, mark you, is where we get a very large percentage of our modern tenant farmers. Immigration amounted to nearly as much in the ten years from 1880 to 1890 as it had the preceding twenty years. In fact, if no other arguments were offered, the influx of foreign farmers, who are unable to buy in the first instance, would nearly, if not entirely, account for the increase of tenant farmers in the United States. Note what a great number of Vermont and New Hampshire farms are being let every year to people from across the Canada line, for example; and who is not familiar with the fact (if he has taken the trouble to observe and think) that a very great majority of the tenant farmers of the West are comparatively fresh from the farms of other countries.

However, the popular tenant-farm argument is totally annihilated by the fact that the increase in the number of

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farm owners more than keeps pace with the increase in the farming population (Census, 1890), which proves to a mathematical certainty that if more farms are rented, it is not because former farmers are becoming tenants, but because more people are demanding farms or engaging in the farming business, who have not yet gathered sufficient means to purchase for themselves, but have enough to enable them to become part owners, at least, in the stock of a farm, its machinery, etc. Therefore, generally speaking, a rented farm in this country indicates not that the occupant has been reduced from proprietor to tenant, but that he is making headway toward the ownership of a farm.

I was once powerfully affected by the rented-farm argument. I lived in the West and saw many farms pass into the hands of money-loaners, and it seemed to me perfectly clear that capitalists were absorbing the wealth of the masses; that of farmers especially. But when I resorted to a statistical investigation, as before explained, I soon discovered that a larger percentage of money-loaners, bankers, etc., were failing than of farmers. This was a great revelation to me, and an incentive to continue my investigation, through which I discovered that the percentage of failures was also much greater among manufacturers and merchants than among farmers. And from this I know, that whatever of disaster or failure has come upon the business of the country, the farmers are stemming the tide as successfully, to say the least, as any other class of our people, manufacturers, merchants, and money-loaners not excepted.

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CHAPTER XI.

THE FALL OF WAGES.

I must here repeat what I have so often said in this work, to wit: The one great cause of the existing differences between the laborer and the capitalist is the lack of knowledge regarding the economic relations of one to the other, and the omission of data by honest but misled writers that would certainly lead to opinions very different from those which now dominate the public mind. It will not be amiss to also repeat that this lack of knowledge appears to be about as general in one class of the community as in another; among competent writers as among those who could not write if they tried. Take notice: Dr. Spahr remarks that wages have fallen within a certain period, and he also comments on the fact that labor is not well employed at the present time. He introduces these arguments to prove that labor is getting a smaller and smaller share of the general income. I think he estimates the falling off in the income of labor from these causes in recent years to be about twenty per cent. He omits to state, however, that the profits of capital and the rates of interest have fallen in quite as large a ratio. How could it be otherwise when the income of capital and labor are, as a whole, and in the long run, absolutely dependent upon each other. Where does labor get employment, as a whole, if capital does not furnish it? How can capital flourish as a whole except labor buys its goods?

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We are now passing through a business crisis and labor is not as well employed, neither does it receive as large an income as usual. But what of it? When capital is all employed, labor is all employed, and it must therefore follow that whatever percentage of labor is unemployed has resulted from a like percentage of capital being unemployed, which can have no other effect than to lessen the income of capital. Therefore, instead of the falling off in the earnings of labor proving that capital is getting a larger share of the general income, it only proves that capital is suffering equally with labor. This proposition is absolutely unquestionable from the fact, before explained, that the laborer is never idle when the capitalist can see any profit in employing him.

CHAPTER XII.

THE POOR IN CITIES.

On page 50 of Dr. Spahr's work, I find the following:

"That the cities to-day, like the Southern States a generation ago, are the centers of extreme poverty as well as of extreme wealth, is a matter of common observation."

That our cities contain great wealth and much poverty is very certain. The radical school of economists attribute the cause to a wrong economic system, through which the few rob the many. I attribute the cause, as before explained, mainly to the influx of immigrants from the poorer districts of the old world. Some writers have made an attempt to show that foreigners are as generally property-owners as native Americans. This proposition, however, is too palpably

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inconsistent to need arguing. It is unquestionably true, that no insignificant proportion of our citizens of foreign parentage are property-holders and compare favorably with native Americans in intelligence and in all the essential qualities of good citizenship; but to claim that, as a rule, the foreigners are as generally property-holders as the natives, is to assume that they are naturally very much the superior of Americans in industry, in economy, and in calculation. For certain it is, that, for the most part of their lives, a large majority of our foreign population have had no such opportunity to acquire wealth as the native Americans have had. And the same is true of a large majority of our colored citizens; they are comparatively new from a kind of life which was by no means calculated to develop property-gaining talent. In the census of 1890 the occupations of immigrants are classified as follows:

"Professional occupations	1 per cent.
Traders and dealers	3 per cent.
Farmers	14 per cent.
Household servants	9 per cent.
Skilled labor	20 per cent.
Unskilled labor	53 per cent."

It will be observed that if we throw the farmers entirely out of the wage-earning class, there remains 82 out of every 100 immigrants practically without property. According to same census, out of every 57 of the paupers of the country, 9 were colored, 9 were born of foreign parents, 30 were born in foreign countries, and but 9 were native white Americans.

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From this we see that 84 out of every hundred paupers in the United States are either colored, foreign born, or born of foreign parents.

Again, the eleventh census says that in New York and Chicago practically four-fifths of the population in 1890 were of foreign parentage; 80.46 per cent. for New York; 77.90 per cent. for Chicago. In Milwaukee the proportion of foreign population was still greater, being 86.36 per cent. In Philadelphia it was 71.40 per cent.; Brooklyn, 67.46 per cent.; Boston, 67.95 per cent. Seventeen of our principal cities have an average of over 75 per cent. It would be a low estimate to say that more than three-fourths of the population of twenty-five of our largest cities is made up of colored people and those born of foreign parents.

But the greatest cause of poverty in cities as I have before shown is due to intemperance. There are 218,874 saloons in the United States, or one saloon to every 310 of the population. These saloons are principally in the cities. New York has one saloon to every 236 of the population. Some of the poorer parts of the city have a saloon for every 175 of the population, or one for every thirty-five families, and it appears almost superfluous to repeat what I have said before and what is so generally understood, to wit, that not a few of the patrons of these saloons are spending more money for liquor than they spend for food, rent, and clothing.

The treatment given this subject in the earlier part of this work renders it unnecessary to go into detail here, yet it would be little less than criminal to omit a statement made by the Massachusetts Labor Bureau, 1893. This bu-

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reau made a special investigation of the localities in Boston where the poorer tenement-houses are located, one of the objects being to learn, as far as possible, "why the tenants of the poorer houses remain in undesirable conditions." Waldron's Hand Book, page 31, refers to the table compiled by the aforesaid bureau as follows:

"The . . . table shows, as a result of the inquiry, that more than 42 per cent. of these people live in bad tenements primarily because of intemperance."

The tremendous facts above quoted tell their own story. And may I not ask in the name of common sense, and common honesty, if, when we consider that more than 85 per cent. of the foreign and colored element (outside of the Southern States) is confined to our cities, and to this add the further fact that 42 per cent. of those living in the poorer tenement houses confess their poverty to be due to intemperance; when we combine all these facts, I say, have we not abundant reason for the great number of poor people in our cities, without attaching even the slightest blame to our economic system?

CHAPTER XIII.

TAXES.

There is another production on the concentration of wealth which I feel disposed to notice in this essay. Like Dr. Spahr's work, it has been quoted approvingly in the National Legislature and by not a few of our speakers and literary publications. I refer to an article by Thomas G.

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Shearman on pages 269-270 of the *Forum* for November, 1889.

The tremendous rate at which Mr. Shearman thinks he sees the wealth of the country concentrating in the hands of a few through the tax or draft made upon labor by capital, may be imagined from a statement by him in the aforesaid magazine. He says:

"Within thirty years, the present method of taxation being continued, the United States of America will be substantially owned by less than 50,000 persons, constituting less than one in five hundred of the adult male population."

In another part of Mr. Shearman's article he writes as follows:

"The wealth of the very rich is always more underestimated by assessors than that of men in moderate circumstances. Assessments of \$400,000 and over are therefore multiplied in the next table by two and one-half, while those below that line are only doubled."

Mr. Shearman has started out to prove the concentration of wealth, and he begins to lay his foundation by assuming that the property of the rich is estimated exceptionally low by assessors. He therefore multiplies the assessor's estimates by two and one-half, etc., as he has explained in the above quotation, and upon this basis he figures out a concentration of wealth that is truly startling. The undervaluation of the rich man's property by assessors, is a very general complaint among men of Mr. Shearman's way of thinking, and very serious complaints are brought against property holders on that ground. They are accused of

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bribing assessors and of employing other dishonorable means to shift the burden of taxation from their own shoulders to the shoulders of their neighbors. That there *are* wealthy individuals who would and who do accomplish just that thing, I do not doubt; and that there are assessors guilty of knowingly underestimating property, I feel to be unquestionable. Indeed, some are now before the courts of New York charged with that offense. However, it would be very difficult for assessors to generally underestimate the property of the wealthier class of people, and not be detected and punished, for the very good reason that everybody knows that when his neighbor's property is assessed too low, the burden falls that much heavier on him, and he watches the tax list and assessments with a jealous eye.

Again, the general undervaluation of the larger properties of the country could not result in a general saving to their owners, for the all-sufficient reason that as assessments are crowded down, tax rates are bound to rise, as for example: New York City is obliged to raise thirty-five millions of dollars more or less, annually, to defray city expenses, and the tax rate is, say, two per cent. But the property holders induce assessors to estimate their holdings fifty per cent. lower than last year, or below what it ought to be—the tax rate must then be raised to four per cent., for the city must collect a certain amount of money from her citizens, and by as much as the rate of assessment is lowered, by precisely that much must the tax-rate be raised. As a whole, capital can no more gain by crowding assess-

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ments down than a man can lift himself into the air by pulling at his bootstraps.

But leaving this all out of the question. What right has Mr. Shearman to assume that the property of the very rich is more generally underestimated than that of the moderately rich or the comfortably well-to-do? A tax assessor recently told me that he had found that people of comparatively small means were just as anxious to conceal their property or to report it low (so as to be obliged to pay the smallest possible amount of tax) as the richer were. Why should they not be? A hundred or a thousand is as precious to the possessor of small means as greater amounts are to the possessors of larger means. But, strange as it may appear at first glance, there is a very decided reason why the wealth of rich people is more generally over-estimated than that of those whose possessions are smaller. I will introduce my first argument upon this point with a quotation from a work, "The Distribution of Wealth," by J. R. Commons, Professor of Economics and Social Science, Indiana University (1893). On page 257, Professor Commons quotes Mr. F. C. Waite, special agent of the Eleventh Census in charge of "True Wealth," as follows :

"The monopolistic value of land, *i.e.* :—the unearned increment, equaled in 1890 about \$25,000,000,000. This enormous land value is largely made up of inflation, resulting from the fact that owners and buyers expect to continue piling increase on increase year after year. In some sections almost every dollar of these inflated values are liable to vanish when a great commercial crisis, like that now brewing, sweeps across our continent."

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This statement of the special agent of the eleventh census regarding true wealth is full of meaning. No small proportion of the estimated wealth of the rich consists of just such inflated land values as Mr. Waite has described. Not only this, but mines, ranches, bonds, and mortgages based upon fictitious values are held by the reputed rich in immense amounts. I notice that the savings banks of the one State of New Hampshire, notwithstanding the great care they take, and are obliged by law to take, in the selection of their securities, have lately lost over four millions through investing in bonds and mortgages, the value of which was supposed to be real, but which proved to be largely imaginary.

Again, consider the lesson taught by the failure of reputed wealthy men and business firms. In the last seven years the liabilities from failures have amounted to \$1,288,000,000. More than one-half of this is dead loss to failing capitalists; and if we go back twenty-five years, the actual loss, or deficit, has amounted to a sum equal to the value of the State of Massachusetts, with her immense factories, her rich cities, her ships, her railroads; in fact, all the accumulations of her industrious sons and daughters since the landing of the Pilgrims on Plymouth Rock. This vast sum has been credited to our rich and comparatively rich men, manufacturers and traders, but really these people were not worth it. If they ever possessed it, it had been paid to labor for services performed in one way or another, as before explained. As a matter of fact we generally overestimate the value of our wealthier neighbor's property, espe-

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cially if they are doing a large business. And not a few of these people have allowed themselves to be assessed for more capital than they had for the sake of the credit it gave them in business circles. Of course, it cannot be conjectured how much such overvaluation amounts to as a whole. Nevertheless the history of failures has given us a hint worth noting, and it may be added that Bradstreet's Report for 1895 says that 27 per cent. of all who failed in 1893 and 1894 had been reported in good standing; that is, 27 out of every 100 failing firms and individuals have been estimated, even by the careful agents of *Bradstreet's*, as worth very much more than they really were. This fact alone ought and will, if properly considered, do much to rid the public mind of a great fallacy. In short, I regard the foregoing facts and history as sufficient to warrant the conclusion that the property of the reputed rich is more generally overestimated than that of any other class of people.

CHAPTER XIV.

TAX LISTS COMPARED.

Mr. Shearman, after having estimated American wealth upon the basis of English statistics, writes as follows :

"Objections will doubtless be made to any estimates based upon British statistics. Fortunately Massachusetts furnishes a purely American basis for estimates of the distribution of American wealth. A list of the largest individual tax-payers in Boston, published this year, including all (exclusive of corporations and executors) who paid more than \$1,000 in taxes, and who were

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therefore assessed at more than \$75,000 (the tax being 1-3 per cent.) showed the following results :

BOSTON TAX LIST, 1888.

Individual Tax Payers. Number.	Amount of Tax.	Average Assessed Wealth.
2	\$50,000 to 75,000	\$4,600,000
4	40,000 to 50,000	3,205,450
8	30,000 to 40,000	2,732,570
8	20,000 to 30,000	1,840,000
89	10,000 to 20,000	980,000
183	5,000 to 10,000	500,000
1,065	1,000 to 5,000	160,000"

Following this table, Mr. Shearman says :

"It may be safely assumed that every one who is assessed at \$400,000, is really worth one million, etc."

He proceeds with his reckoning and deductions upon that basis. Nevertheless, since he takes Boston tax lists for his basis, he will undoubtedly admit that Boston tax lists are likely to be as reliable at one time as at another. It will be readily seen, therefore, that a comparison of the lists of the later period with that of an earlier will show whether or not wealth has really concentrated.

I am glad to be able to state that I have carefully examined the Boston tax list for 1821, and taken account of the individual holdings and the taxes paid by the citizens of Boston in that year, and with the following results, as compared with Mr. Shearman's tax lists for 1888.

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Before the comparison is made, however, we need to note an explanation which appears on page 60 of the appendix to the Boston census of 1845, as follows :

"In 1842 the tax was first assessed upon the full valuation. For many years previous to that, the valuation was entered upon the assessor's records at half its real value, and the taxes assessed on that amount. To present the facts uniformly in this table the valuation has been doubled and the rate of taxation halved, in the years before 1842."

Boston is now assessed at its full valuation, but it will be seen by this explanation that in 1821 Boston was assessed at one-half, instead of its full valuation. And from this we see that in order to get a just comparison between any date previous to 1842 and a later period, the prior assessment should be doubled, as explained in the assessors' note above quoted.

In 1888, the two largest tax payers heading Mr. Shearman's list, their wealth averaging \$4,600,000 each, owned 1.14 per cent. of the assessed valuation of the city of Boston, while in 1821 the two largest tax payers, their wealth averaging \$513,400 each, owned 2.54 per cent. of the city of Boston. In other words, the two richest men of Boston in 1821 owned 123 per cent. more of the city than was owned by the two richest men in 1888.

Or if we select the nine richest individuals whom Mr. Shearman has placed at the head of his list, comprising all above \$2,250,000, we find that they owned 3.75 per cent. of the assessed valuation of the city of Boston in 1888, while in 1821 the nine richest individuals, comprising all

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above \$280,000, owned 8.52 per cent. of the value of Boston.

Or if we take fifty-six of Mr. Shearman's richest, comprising all over \$750,000 each, we find that in 1888 these fifty-six individuals owned 10.08 per cent. of the city of Boston's assessed valuation, while in 1821 the fifty-six richest men owned 19.90 per cent. of the assessed valuation of the city. Or to state the same proposition in still another way, *fifteen* of Boston's richest citizens owned a larger proportion of her wealth in 1821 than was owned by the *fifty-six* richest citizens whose wealth is tabulated in Mr. Shearman's list for 1888. This does not look as if the property of Boston was rushing into the hands of a few. On the contrary, it shows that the wealth of the city was very much more generally diffused in 1888 than it had been in 1821.

Dr. Spahr has made reference to a Boston tax list of another date which I am glad to notice. On page 33 of his work, he says :

"The Boston tax lists for 1845 show two hundred and seventeen holdings of more than one hundred thousand dollars worth of property (real and personal)."

Not doubting the correctness of Dr. Spahr's statement regarding the holdings of the richest 217 citizens of Boston in 1845, I quote for the purpose of making a comparison of the larger holdings of that date with those of 1888, the year selected by Mr. Shearman.

I have not the Boston tax list for 1845 before me. In fact, I do not need it, since I rely upon Dr. Spahr's data, but I have that of 1851. Taking the proportions of wealth

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then existing as a basis, Dr. Spahr's list of 217 individuals worth over \$100,000 each would indicate 333 individuals worth over \$75,000 in 1845, averaging \$163,976 to each individual and aggregating \$54,604,712, the same being 39.77 per cent. of Boston's wealth. The list of 1888, according to Mr. Shearman, shows 1,254 individuals worth \$75,000 and over, averaging \$253,756, aggregating \$318,109,510, or 39.48 per cent. of the city's wealth. That is, the same proportion (.00291) of population owned a larger proportion of the city's wealth in 1845 than in 1888, or to state the same blessed truth in a way more easily understood, 333 of the richest citizens of Boston owned more of her aggregate wealth in 1845 than 1,254 of her richest citizens owned in 1888. Sunrise is not more certain than is the fact that wealth is very much more evenly distributed among the people at the present time than at any previous date within the last seventy years.

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CHAPTER XV.

MILLIONAIRES.

While the question of millionaires has already been discussed in this work, yet I have discovered certain other facts which impel me to take another brief notice of the subject. In his *Forum* article previously quoted, Thomas G. Shearman has produced a table in which a certain number of people are credited with property as follows:

200	persons at \$20,000,000 each	.	\$4,000,000,000
400	" " 10,000,000 "	. .	4,000,000,000
1,000	" " 5,000,000 "	.	5,000,000,000
2,000	" " 2,500,000 "	. .	5,000,000,000
6,000	" " 1,000,000 "	.	6,000,000,000

\$24,000,000,000"

It will be observed that Mr. Shearman has estimated that 9,600 men are worth an average of \$2,500,000 each, or a total of \$24,000,000,000. In a previous chapter of this work I estimated, or rather I conceded, that there might be four thousand individuals in the country, averaging one million each, and aggregating \$4,000,000,000. Mr. Shearman's estimate of millionaires and their holdings are five hundred per cent. higher than mine. Yet I now believe that I then conceded too much, and that there are not four thousand millionaires in the United States whose aggregate wealth amounts to \$4,000,000,000.

Now, reader, how shall we settle this question? If you

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wanted to ascertain the number of millionaires in the United States, and you knew that there were two political parties disputing over the matter, and one of these parties should send a broad challenge in every direction for the purpose of locating the millionaires, and publishing the list of the names received week after week for several months, always asking that the reports be corrected or new names forwarded from any quarter or locality, and finally publishing the list, publicly asserting that no more millionaires could be found; and the opposing party, always on the alert to criticise, should fail to contradict or to suggest a single additional name, would you not conclude that about all the millionaires had been reported?

The history of the course of the *New York Tribune* in this matter, and the results obtained, are well known (or ought to be well known) throughout the country. As already stated, four thousand and forty-seven reputed millionaires were found. The same journal has since said, in substance, however, that later reports, and the death, bankruptcy, etc., of several of those who had been reported as millionaires, but who proved to be comparatively without property, indicated that the *Tribune* list contained more names than the country had millionaires.

But the most satisfactory evidence I have been able to find, and that which has convinced me beyond all doubt that when I conceded 4,000 millionaires with property aggregating \$4,000,000,000 I was conceding too much, appears in the Surrogate Records of Massachusetts, quoted by Dr. Spahr. As I have already stated, large estates

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almost invariably pass through the Surrogate Courts. And while the absence of the smaller estates from the Surrogate records, and the lack of data concerning their number and total value, render Surrogate figures valueless so far as relates to the comparative amounts of property held by the rich and poor, yet those records are a tolerably good index to the number of large estates.

The records quoted by Dr. Spahr show that during the three years 1889-1890-1891, estates of \$500,000 and over, numbering thirty, aggregating \$23,841,879, passed through the Surrogate Courts of Massachusetts. A simple arithmetical calculation demonstrates that no more than seventeen holders of the above-mentioned thirty estates could have been millionaires—the number of estates, and the aggregate amount, settle that question. It follows, therefore (reckoning from the same basis), that Massachusetts had, in the years 1889-91, not to exceed one hundred and eighty-nine millionaires—that is, if we allow each to possess one million and no more. This, mark you, is one hundred and seven fewer millionaires than “common observation” reported to the *Tribune* from that State. In other words, the *Tribune’s* estimate of the number of millionaires in the State of Massachusetts was at least 56 per cent. higher than the number indicated by her Surrogate records. The same proportions applied to the country at large would indicate the number of millionaires in the United States to be 2,585, instead of 4,047, as per the guess of the *Tribune’s* correspondents.

Think of it, reader! If this estimate is true, or if it ap-

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proximates the truth, it annihilates the popular millionaire theory, which has been one of the principal causes of so much hard feeling against large property holders, and given socialism such a tremendous impetus in this country. Nevertheless I submit the foregoing data without the slightest fear that it will ever be successfully attacked.

CHAPTER XVI.

THE WAY INCOMES ARE ESTIMATED.

While I have given several examples of the way incomes are estimated by those who hold to the common observation theory, yet I have another illustration at hand which ought not be omitted.

On page 122 of his work, referring to the results of an investigation previously made by the Labor Bureau of Massachusetts, Dr. Spahr says:

“While 6,000 families occupied dwellings worth \$150,000,000, 60,000 families occupied dwellings worth \$90,000,000. On Leroy Beaulieu's basis, that the poorer and middle classes devote one-sixth of their income to their dwellings and the wealthiest one-ninth, this signified that in Boston, as in foreign cities, seven per cent. of the families receive half of the aggregate income.”

It will be observed that if Dr. Spahr is right in *assuming* that Leroy Beaulieu is right in *assuming* that the poorest and middle classes devote one-sixth of their income to their dwellings, and the wealthier classes one-ninth, it then follows that a certain few families have an income so immense

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as to render it certain that the division is wrong and the poorer classes robbed. However, at the end of the above quotation I find reference to a foot note which is intended to give more definite information and reads as follows :

“ The rentals and incomes of the 85,000 families in Boston would stand as follows :

Apartments.		Assessed Value of		
Rental	Number.	Property Occupied.	Rental.	Income.
Under \$300	60,000	\$91,000,000 (at 10 p. c.)	\$9,000,000	\$54,000,000
\$300 to \$900	19,000	112,000,000 (at 9 p. c.)	10,000,000	60,000,000
Above \$900	6,000	183,000,000 (at 8 p. c.)	12,400,000	113,000,000
			85,000	\$227,000,000”

It should be stated that Dr. Spahr does not assume that the sum that appears under the title of Rental represents rent actually paid, but that those sums would ordinarily represent rental values, and from this he assumes that men occupying such houses would ordinarily be worth a certain amount of property, from which an income would be received approximately as tabulated in fifth column under the title Income. Following this table Dr. Spahr has made a statement that gives us a basis, from which we can determine with some degree of accuracy as to the correctness of his estimates. Referring to the richest 2,334 families in Boston, he writes as follows :

“ As they pay local taxes on \$300,000,000 of real estate, an income of \$75,000,000 would be about 7 per cent. on their probable wealth. It is certain that these families receive at least one-third of the aggregate income.”

This gives us the data from which Dr. Spahr deduces the

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incomes tabulated in the last column of the foregoing table, to wit: \$75,000,000 is 7 per cent. on the wealth of the richest 2,334 families. In the foregoing table, however, he has tabulated the richest 6,000 Boston families, which, reckoning from his data, are worth \$1,614,285,714, which is about 90 per cent. more than the total valuation of the whole city at that date.

Upon the same basis the next class below, numbering 19,000 families, income \$60,000,000, were worth a total of \$857,142,857, which about equals the total wealth of Boston at that time. While the third or poorest class, numbering 60,000 families, with an income of \$54,000,000, were upon the same basis worth \$771,428,571, which sum is nearly equal to the total valuation of Boston at that date. Think it over. Dr. Spahr has made his calculations from a basis which, carried to its logical conclusion, and certain mathematical end, credits the citizens of Boston with wealth aggregating \$3,242,857,142, which is nearly four times the city's wealth, and \$440,000,000 more than the wealth of the entire State of Massachusetts. Every thoughtful reader will see how utterly fallacious such calculations are. According to Dr. Spahr's third and last calculation, the 60,000 smallest rent payers in Boston are receiving \$3 per day for every working day in the year. I think it would be difficult to make Bostonians believe that 60,000 of their smallest rent payers are receiving an income of \$3 per day.

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CHAPTER XVII.

FARMS AND CITIES.

Probably no other set of facts is so generally and effectually used to prove the concentration of wealth as that the rich are more numerous, and their fortunes larger, in the cities than in the rural districts. These, coupled with the no less notable fact that our cities are growing in wealth and population much faster than the country at large, has done much to generate the idea in the popular mind that there is a great disproportion of income in favor of the few.

On page 46 of his work Dr. Spahr says :

“The people on the farms and in the villages in the East have shared no more in the advancing wealth of the past quarter of a century than the people on the farms and in the villages of the South and West.”

On page 49, same work, a statement appears as follows :

“We can hardly escape the conclusion that the average wealth of the families in the country districts does not exceed \$3,250, while the average wealth of the families in the cities does exceed \$9,000. When American political parties shall again divide upon issues vitally affecting the distribution of wealth, the clearly marked line of division will not be between East and West, but between city and country.”

The fact that the average wealth of the city is so much greater than that of the country districts is looked upon by Dr. Spahr as so strikingly indicative of a great inequality in the distribution of wealth and income, that he expects

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the line of political controversy in the future conflict between capital and labor (so generally looked for by men of his faith) to be sharply drawn between the urban and rural population. That is, the time will come when the farming districts will say to the great cities: "Thou shalt rob and impoverish us no longer."

Now it seems to me that if ever a theory was advanced and generally believed that was bottomless, sideless, topless—in fact, to use a homely but expressive term, "moonshine"—it is the theory that cities are gaining wealth at the expense of the country, or that it is possible for the business and growth of the city to in any way antagonize the business and growth of the country.

In the first place, every ounce and every farthing's worth of material that builds a city and sustains life therein, is bought and brought from the rural districts. It must follow, therefore, that the more wealthy and more populous the city becomes, the more she is obliged to purchase from the rural districts. Pray tell me, then, how the growth of a city can have any other effect upon the rural districts than that of promoting their growth and prosperity.

If a large city, with its many factories and dense population, could be dropped down in one of the Gulf States about this time, to purchase all its sustenance from the rural districts, would it retard, or would it promote the financial well-being of the country round about? To state this proposition is to argue it; to ask the question is to answer it. The human understanding has no power to resist the conclusion that the establishment of one city, or

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any number of cities, for that matter, would result in a great financial benefit to any region of country.

The average wealth of families in the country is certainly less than that of families in the city. Let us suppose for the sake of the argument that the difference is approximately two-thirds, as claimed by Dr. Spahr. What of it? It is not necessary to think more than once in order to realize that, all things considered, the difference is greatly in favor of the average country fortune.

A family with no other source of income than the average fortune could not long exist on nine thousand dollars, for example, in one of our large cities, while a three-thousand-dollar farm in the country would support an ordinary family any length of time. In other words, a man is richer with \$3,000 in the country than with \$9,000 in the city. If you suggest that if my theory were right the city people would flock to the country rather than remain in the city, since it is human nature to seek the safest and most profitable locality, I answer that the social instinct leads many people to the city, that would be much better off, pecuniarily and otherwise, did they remain in the country. The theater, the dance hall, the thousand and one places of amusement, as well as lectures, music, schools, etc., etc., attract and hold tens of thousands in the city, who, financially speaking, would be very much better off in the rural districts.

Cities are one of the natural and necessary results of higher civilization, and their growth is the growth of a great variety of industries as compared with the single

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industry of agriculture. And if the profits accruing to city industries were individually, so to speak, below the profits accruing to agriculture, yet so numerous are these city industries that their profits, though individually smaller, would, nevertheless, aggregate vastly more than those of the rural districts, and the increase in the value of the cities as a whole would necessarily be very much more rapid than that of the country outside of cities.

It would be marvelously strange if a great number of important industries could not, or did not, increase faster as a whole than any single industry considered alone, be it farming or what not.

The one true way to ascertain whether the agricultural interest is receiving a just proportion of the increase from all industry is to compare the profits on capital therein invested with the average profit on capital invested in other industries. When this is done, the grand average must be about the same, for the all-sufficient reason, explained in previous chapters, to wit: Capital will hasten to invest in industries yielding the larger percentage of income, until the profits of such industries are reduced to a level with those of others.

When a new industry comes into existence, the prospects of large profits (and indeed the profits are often large in new industries) attract capital, and the growth of such industries (if we use the percentage as a criterion) is almost sure to outstrip the older for a time, although it may not continue to do so, as generally they *cannot*. The reason for this is plain, when we consider that after, say one dol-

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lar has been invested in a new industry, the investment of another dollar means a hundred per cent. increase. As for example: When there was but one farm, the addition of another made an increase of a hundred per cent. Of course that rate of increase could not long continue. Some of our leading industries, in their infancy, increased a hundred per cent. per annum and even more. But had it been possible for any one of these larger industries to have continued that percentage of increase, it would have absorbed the capital and population of the earth long ago. A hundred per cent. annual increase in our farming industry would in a very few years leave no more land to be occupied, and I might add that the increase that has already taken place in American agriculture within the last three decades, has brought into use nearly all of our vast public domain, which was once looked upon as practically inexhaustible. And the time is near, indeed it now is (in a large degree), when if a man engages in farming he is obliged to hire land. And, mark you, this rapid exhaustion of our available farming lands has no little to do with the recent increase in the number of farm tenants. Why should it be assumed that the more rapid growth and greater wealth of the cities is owing to the robbery of one class by another, when, as a matter of fact, manufacturers and their employees, for the sake of convenience, nearness to railroads, etc., have settled in cities, and the effect upon cities has been precisely what it would have been upon any other part of the country had they settled there, to wit: A great increase of wealth and population.

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The location of any considerable number of factories in a rural district will create a new city, the increase in wealth and population of which will be more rapid than that of the surrounding country, and for the very good reason that it will embrace a greater number of industries. Nevertheless it will not lodge the wealth in fewer hands, but it will bring the property of more individuals into one locality, and draw more workmen together for a common purpose.

Under such circumstances, laborers and capitalists will leave the country more or less and go to the city. Every one that does this, however, ceases to be a competitor of his former neighbor in the country, to become his patron in the city. When farmers thus exchange competitors for customers, it makes the cities grow, but does it make the city a robber of the rural district? Does it render the farmer's income smaller or his opportunities less?

We have compared the growth of a single industry (the railroad) with that of agriculture. Before we pass to the consideration of other important factors in the farm and city problem, let us compare the growth of factories with that of agriculture. According to census reports (see Mulhall, *North American Review*, June, 1895) from 1850 to 1890 our factories grew from \$520,000,000 to \$3,059,000,000, or 5.88 times. The farms during the same period grew from \$3,967,000,000 to \$15,982,000,000. Adding the \$8,000,000,000 lost by the rural districts of the South during the war, as before explained, carries the value of the farms in 1890 to 6.04 times their value in 1850. In

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other words, all other things being equal, the farming industry since 1850 has at least held its own with manufactures, and so it must continue to do in the long run—perhaps not in the total percentage of growth, however, but in average profit on each dollar invested, it must for the reason already explained: That competition, resulting from the desire for gain on the part of capital, will reduce all profits to a common level sooner or later.

It is not easy to understand how the idea originated that the city was flourishing at the expense of the country. So far as independence is concerned, the country can live without the city, while the city cannot live without the country; but as regards the division of income resulting from the efforts of both—as a whole, and in the long run, one can no more get too large a share than capital or labor can get too large a share. They are the employers of each other and the patrons of each other. They buy and sell, back and forth. Whatever the city receives from the country, for which it renders no equivalent, precisely that much less will the country have with which to purchase from the city. In other words, by wrongfully taking from the country, the city will lose that much of country trade sooner or later. Where is the permanent gain?

Whoever will study this subject as searchingly as it deserves, will discover that gains resulting from a wrong division of income are exceptional and not general; temporary and not permanent. Again, if the great cities are getting too large a proportion of the general income, the same must be true of the smaller cities, since they are doing

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business upon the same basis as the larger. Yet we never hear the farmer complain of a neighboring village (a city in embryo) which is a better market for his butter and eggs for the very reason that *it*, in turn, has a still larger market in the more distant city.

I apprehend that the wrong impression gone abroad from the great cities is largely due to the fact that they are credited with and assessed for a vast deal of wealth which is, to all intents and purposes, the property of the country at large. There are millions upon millions of wealth in ocean transportation, from the majestic steamship and stately sailer to the tug and lighter; the docks, the wharves, the warehouses, etc., etc., all employed, in no small degree, in moving hither and thither across the waters the products and necessities alike of farm and factory. Then there are the terminals of the great railroads, reaching far into the millions; they, too, constitute a part of the machinery, so to speak, of transportation for both city and country. Then, there are the buildings and hundreds of millions of other assets of insurance companies, but whose real owners are scattered throughout the land.

All this paraphernalia of shipping, of inland transportation, of fire and life insurance, etc., etc., etc., is as necessary an adjunct to the farm as to the city, and which, if removed from the city, would reduce its apparent wealth immensely, possibly one-half, and vanquish at once and forever the ghost of city concentration which now haunts the dreams of so many of our intelligent and patriotic citizens.

But this prodigious wealth, this handmaid of industry

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and commerce, cannot be taken from the cities. It has been placed there by the necessities of our civilization. It means economy and saving for the whole population, *and no more for one class than for another*. The handlers and transporters of farm, and indeed all products, the insurance companies, the numerous printing and publishing houses, the commission merchants, the captains of the great factories, have found that they could serve the interest of others, and consequently their own interests, best, by locating in the city, and operating from a common center. The practice of locating in the cities and operating from a common trade center is as natural as is the system by which the extremities of the human body are reached from the heart center.

"But," say our opponents "see how it makes the cities grow and how it concentrates wealth in the hands of a few."

I deny that it concentrates wealth. When certain among the most enterprising in the rural districts have gained a sufficient amount of property to warrant their engaging in business on a larger scale than their own locality demands, then they pack off to the city with their capital. Owing to the large amounts generally required to engage in city enterprises, they are often obliged to associate themselves with others of their class. Then it not infrequently happens that to finally secure the desired amount they must become a corporation, and issue stock in shares ranging from one to a hundred dollars of par value.

Here the door of advancement is opened wide and the general public invited in, as it were, to share the profits of

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its own industry. All this has not resulted from the philanthropy of capital. It has come from the fact that immense aggregations of wealth have become so numerous, and large concerns produce at so small a profit, that the average capitalist, or say one who thirty years ago would have ranked as a large capitalist lacks the means to successfully compete with them, and therefore has been obliged to invite his poor neighbors to come in with their smaller amounts.

Therefore that which our radical friends call the concentration of wealth has made it possible for the poorer classes to become interested in business with the larger capitalists, and has resulted, and is resulting, in a wonderful diffusion of wealth among the masses.

I read in our leading journals that Mr. Debs and his co-workers are about to organize a very great movement among the laboring classes, the object of which is to institute a new economic system. He expects to make the first great settlement in a Western State, a part of his object presumably being to get as far as possible from the money-lending centers of the East, which are supposed to be taking to themselves a larger percentage of the earnings of the people than the money they loan creates for the people. Undoubtedly Mr. Debs shares the opinion expressed by Dr. Spahr in his work, to wit: Capital gets two-fifths and labor three-fifths of the results of human energy. With all deference to the intelligence of these men and a high regard for the motives that actuate them, I nevertheless submit, as I have already done in substance, that, as a mat-

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ter of fact, capital does not get over six per cent. of the results of a common industrial effort. One great reason perhaps is that capital charges only six per cent. for the service it renders. But the still greater reason is the rapidity with which capital multiplies itself and creates profits for others as it moves on through the channels of trade and industry.

As for example: John Doe invests a certain sum in manufacturing. This calls for certain kinds of raw material, and the products of this material sell to the manufacturer at a profit. The carriers (teams, railroads, etc.) move the raw and finished material to and from the place of manufacture at a profit. The manufacturer sells it to the wholesale dealer at a profit; the wholesale dealer sells to the retail dealer at a profit, and the retail dealer sells it to the people at a profit. Thus we see that while the manufacturers get one profit, four profits go to other classes of people, all of which increases the demand for labor, since, generally speaking, all profits go to employ labor, directly or indirectly.

Capital is not doing this from philanthropic motives; it is forced to it by the laws of trade and the eternal principle of mutual dependence, explained in previous chapters. It may be safely assumed that, as a rule, when our men called capitalists have realized a profit of, say, six per cent. on their investment, it does not amount to an average of more than one-fourth of one per cent. on the sum total of their transactions. In other words, when capital, money loaned, for example, has received a profit of 6 per cent.

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for itself, it has created 25 per cent. for the people at large.

Had this not been true, the East, which has been loaning its money to the South and West in immense amounts for the last half century, would have substantially owned those sections years ago. Let us see what the result has been.

(See Mulhall, *North American Review*, June, 1895, page 649.)

So far as the South is concerned, of course it fell back, as before explained, and as might be expected, during the decade from 1860 to 1870. Her fields were devastated by war and her products confiscated by hostile armies, but since 1880 the per capita wealth of the South has increased 24 per cent., while that of the Eastern and Middle States has increased but 19-10 per cent. At the same time the per capita wealth of the Middle Western States increased 21 per cent., and that of the Mountain and Pacific States increased 74 per cent. Or, if we draw the line between the strictly Eastern States, the more money-*loaning* States, and the prairie States of the West, which are more especially the money-*borrowing* States, we find that those prairie States have increased their per capita wealth eleven times faster than the Eastern States. This being true, the radical claim regarding the profits of capital, and the further assumption that the Eastern money-loaners are impoverishing the West, are absolutely without foundation.

CHAPTER XVIII.

In this work I have made no attempt to justify the pres-

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ent condition of trade and industry, nor have I intimated that great improvement is not possible. I have labored to establish the fact that the interests of labor and capital are one and the same. And that the remedy for our political and financial ills, whatever they may be, is not in a more socialistic government, but in a more thorough education of the people in first principles, from the richest to the poorest and from the highest to the lowest.

Very rich people, *that is*, millionaires, or those whose fortunes approach that sum, are so few as to require little thought. But a competency and security for old age is of very great importance. And, generally speaking, the one sure road to that goal is through industry, temperance, self-denial, and economy. As a rule, he who does not practice these virtues cannot be rich. In a recent conversation with a shoe manufacturing concern in the city of New York, one of the firm informed me that they had a hand in their employ to whom they were paying six dollars per day. They had paid him that price in war times, when the purchasing power of a dollar was less than half what it is at the present time, and he being an excellent workman they had not reduced his wages. But, said my informant, he made both ends meet then, and he does no more now. He lives up to his income now as he did then. Continued the employer, if this workman had been content to live as he lived in war times, he could have saved an average of three dollars per day for the last thirty years, which, loaned at a fair rate of interest or invested where it would have yielded him a moderate profit, would

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have made him worth more than any member of this firm, and probably he could have bought and paid for the entire concern. I took occasion to make inquiry in fifty of what I considered average retail business establishments in one of our Eastern States, for the purpose of learning as near as possible what their average daily savings had been for the last twenty years. One had cleared \$60,000, or an average of \$10 per day. Of course he had conducted a large business. A large majority had gained little or nothing above a living, while several had fallen behind; but the average for the whole fifty had not exceeded 80 cents for each working day.

The government statistics show that the growth of the country in wealth amounts to a saving of only twelve cents a day for each inhabitant. The saving of twenty-five cents per day for twenty-five years, compounded semi-annually, will insure the average individual against the danger of dependence or want in old age.

If we deduct from the reputed wealth of the country the \$25,000,000,000 which the Special Census Agent, before quoted, says are inflated values, it will not leave the average gain or savings of the country more than \$700,000,000 per annum for the last fifty years. It is a fact which I would reiterate and which must not be lost sight of, that the money spent for liquor in the country amounts at the present time to at least \$1,000,000,000 per annum. In other words, the liquor drinkers of America spend 40 per cent. more each year for intoxicating drinks than the average annual savings of the whole population of the country

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during the past fifty years. It is hardly necessary to add that this prodigious amount of money has not been spent by the five million who now have savings bank accounts; nor by the four out of five million of farmers who own farms; nor by the nearly two million who have money invested in building and loan associations; nor by the two million, more or less, of the successful business men of the country, because neither of these classes of people could have accomplished what they have and at the same time drunk liquor to any considerable extent. A very large preponderance of the money spent for intoxicating drinks is spent by the class of people 40 per cent. of whom admitted to the agents of the Massachusetts Labor Bureau that they were occupying the bad tenement houses because of intemperate indulgences.

CHAPTER XIX.

TENEMENT HOUSES.

As I read of, and in fact observed, what multitudes of people swarmed the tenement houses, it appeared plain enough to me that the avarice of capital was leaving less and less room for the masses in the cities. But when I observed that the wealthy were taking to the tenement-house plan, an inquiry followed which soon opened my eyes to the fact that a large majority of our rich and comparatively rich citizens were tenants. And as to the room occupied by families, the Boston Census for 1845 (page 54) shows that, as far back as 1845, the number of persons to

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a dwelling averaged 10.57, while in 1890 they averaged but 8.52. In this connection it is important to consider, as I have previously stated in the body of this work, that the tenement houses of to-day are better provided with sanitary arrangements, and I estimate that the amount of space allowed to each family is at least 30 per cent. greater than it was fifty or even thirty years ago.

Again, such knowledge as has been lately communicated to me regarding the more crowded tenement houses of our cities ought to be communicated to the general public. A reliable real estate agent in New York said to me substantially as follows :

“In a majority of cases with the occupants of the poorer tenement houses of New York, it is a matter of choice with them. They are from the poverty-stricken districts of the Old World, and therefore not accustomed to much room ; and as to the more perfect sanitary arrangements, they don't want them ; and above all, they don't want to occupy quarters where they will be obliged to observe the ordinary rules of cleanliness.”

When we add to this the further fact that 40 per cent. of the occupants of the bad tenements of Boston confessed to the Labor Bureau that they were there on account of intemperance, it appears to me that an element a thousand times more powerful than what is called the avarice of capital is present in the tenement-house problem, to wit, the saloon. It is well to add, however, that what is true of Boston regarding the number of persons to a dwelling is true of a very large majority of our leading cities. The people are getting more and more and better and better room.

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Referring to the woeful condition of some of our very poor people, Carroll D. Wright wrote as follows:

"So far as my own observation goes, drunkenness was at the bottom of the misery, and not the industrial system or the industrial conditions surrounding the men and their families." (See Waldron's work, page 89.)

I do not doubt for one moment, neither do I believe any candid student of the subject can doubt, but that the solving of the temperance, or rather the intemperance, problem will largely solve the problem of poverty.

Mr. Debs and other distinguished advocates of the labor cause would improve the condition of labor by establishing a colony and inaugurating a new economic system in a sparsely settled section of the country. Their efforts are most needed in the more densely populated cities.

Work there! Change the habits, rectify the morals, and enlighten the minds of the masses in those densely populated localities, and it can hardly be doubted that our present system of economics will be as satisfactory as any that can be devised.

We have no reason to blame the rich for present conditions, only as the rest of us are to blame for not doing all we might for our fellow-men and ourselves. Our wealthy citizens are engaged in business almost to a man, and, as a rule, one dollar invested creates at least six dollars of new business. A man with a plant worth a million usually transacts about six millions of business every twelve months. This means that his investment passes through the hands of the people once every sixty days. And can you think of any

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set of men who have the energy and power, or who would be likely under any circumstances to send millions whirling round and round through the hands of the great public more rapidly than do those who now control those millions?

If Mr. Debs will stop to weigh the matter carefully, and think down to the bottom of the subject, he will discover that, if he is to succeed in any movement requiring the co-operation of any considerable number of people, he must pick his men. He cannot find a spot under the canopy of heaven where he could succeed with a majority of his colony, or even a large percentage of it, composed of people whose habit it is to spend more for liquor than they could be induced to spend for food and education. If Mr. Debs would successfully fight the strongest foe that labor and good government ever had, let him not flee from the enemy's country, where his services are most needed.

Labor has much to contend with, but no more than capital. Labor often suffers, but no more than capital. When an employing capitalist becomes bankrupt his employees are thrown out of work and lose days, and sometimes months, of valuable time. But it should not be forgotten that the bankrupt employer has lost his fortune, which represented the earnings and savings of a lifetime. It is sad to think that labor has to endure the sweatshop, which not infrequently forces him to work for lower wages. But the laborer should remember that the cheaper goods turned out by the cheap labor of the sweatshop compel the competing capitalist to sell at lower rates, which shrinks his profits. The sweatshops should be abolished, but to accomplish this

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capital and labor must combine, as they finally will, because their interests are equally concerned.

There is yet one more argument that must not be omitted. I refer to the Surrogate records quoted by Dr. Spahr :

The only way, however, that our Surrogate records can be made useful to the general economic discussion now going on among the people is through proportions,—that is, if a certain proportion of estates of varying wealth have passed through the court for the past three years, for example, it may be assumed that something near the same proportion is passing through year after year, and by comparing one series of years with another, we can determine which period found the largest share of the nation's wealth in the hands of the very rich, whose estates are very generally probated.

Dr. Spahr has furnished us with an excellent opportunity to make such a comparison.

On pages 176 and 179 he has introduced Massachusetts Surrogate records for the years 1829-30-31 and for the years 1889-90-91.

One of these records shows that during the former period (1829-31) only two estates valued at more than \$500,000 were probated, and that they aggregated only \$1,267,817. The other record shows that during the latter period (1889-91) thirty estates above \$500,000 were probated and that their aggregate value was \$23,841,879. The presentation of this record by Dr. Spahr is as much as to say : " Behold how fearfully wealth has concentrated

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during those sixty years." The masses, the legislators, indeed the people everywhere, are reading these and similar statements, and wondering what is to come of it all.

If Dr. Spahr would prove that the wealth of the country has been concentrating during the sixty years in question, his records must show that a given proportion of estates comprised a larger proportion of the nation's wealth in the years from 1889 to 1891 than they did in the years from 1829 to 1831. Do his records show it, is the question? These are the facts. While the two largest holdings probated during the former period, aggregated, as before explained, only \$1,267,817, they nevertheless constituted 8.75 per cent. of the total amount probated during that period, while \$4,962,325, which represents the value of a proportionate number of the largest estates probated from 1889 to 1891, amounted to only 3.19 per cent. of the total probates during that period. In other words, according to the Surrogate records, the two largest deceased holders had possessed 161 per cent. larger share of the property of Massachusetts in the years from 1829 to 1831 than the same proportion of the largest holders had held in the years from 1889 to 1891.

Moving down Dr. Spahr's table, I select for the next class of estates for comparison all above \$100,000 in 1829-31. The records of that date contain eleven of these holdings, and they aggregate \$3,128,715, or 21.58 per cent. of the total probates. Taking the increase in the number of probates for a basis (3.13 times), the proportionate number of largest estates for 1889-91 show an aggregate of \$25,-

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847,179, or 16.61 per cent. of the total amount probated, which means that 29.92 per cent. larger proportion of wealth was in the hands of the richer class in 1829-31 than in 1889-91.

Still moving down Dr. Spahr's table, I select for comparison all above \$50,000 in the older table. There were thirty-six of these estates, and their aggregate value was \$4,957, 862, or 34.20 per cent. of the total amount probated. The proportionate number of estates (112.68) in the years 1889-91 aggregated \$38,747,138, or 24.90 per cent. of the total amount probated, the same showing 37.35 per cent. greater proportion of wealth in the hands of the few in 1829-31 than in 1889-91.

Not long since, I saw in a work published in 1850, reports of two canvasses of Massachusetts, by different agencies, for the purpose of ascertaining the number of wealthy people then residing in the State, and the amount of their holdings. The reports were not official, therefore I do not quote them, but it may be remarked that they indicated what the official records I have presented prove, to wit:—those whom we call “the few” held a much larger proportion of the property of the old Bay State in those days than a corresponding proportion of the population hold at the present day. John Quincy Adams was credited with \$400,000.

We think of our National lawmakers as being rich nowadays, and many of them are, but then the same was true of the legislators who served in the early days of the Republic. The wealth of our present Senate is not as great for

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this day as was that of the Senate of 1800 for that day. With the present state of feeling toward rich people, it would be impossible to elect a man to the Presidency owning as large a share of the National wealth as Washington or Adams owned.

FINIS.

SEE
"NOTICE TO READER"
ON
FOLLOWING PAGE

UNIV. OF MICHIGAN,

JUL 23 1912